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FUTURE RISKS AND HOW TO AVOID THE NEXT CRISIS

Abstract: The subject of this paper are the future risks and the analysis of reasons why the humanity is avoiding to deal with risks and threats. The considered questions are: How to survive the dangers threats to mankind, if they are not identified? How to overcome the threats, if not fighting against them? It starts with the hypothesis that many signs point to a possible global crisis in various forms. Humanity does everything not to see that threat. And even if it sees, its reaction is delayed.

The aim of the paper is to show that humanity must face major threats: political, economic, environmental, technological, financial, social, and geopolitical. In order to seriously discuss these threats and to seriously act on their overcoming, it is necessary to make a complex statistical analysis, to understand relations, primarily economic and sociological, but also others. In addition to scientific methods of deduction, induction, abstraction, analysis, and synthesis, this research relies on various statistical analysis (Eurostat, World Bank, etc.). Conclusion presents the suggestion on what is important to change in relation to future risks.

Key words: *risk, crisis, statistical analysis; technological, economic and other threats*

1. INTRODUCTION

We live in an extremely complex world where growth and progress in many areas of life are accompanied with the development and strengthening of some negative phenomena and tendencies. The nature of man, as an imperfect creature, limits his ability to struggle with complexity because it enables him to see positive things while avoiding negative ones. By analyzing this phenomenon at the level of an individual, a company, and a state, the question arised: How many neglected, unexamined negative phenomena exist, and how big is their impact on economics, technology, politics,

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and humanity as a whole? In addition to the above, the aim of this paper is to answer this question.

The starting hypothesis that guides the research is this: — If mankind does not begin to adequately address negative phenomena and tendencies and does not do all in its power to evade them, it is likely to face a crisis of various forms, which will have inconceivable economic, financial, social, political, climatic, and health consequences.

Since the subject of this research is multidisciplinary, the methodology applied is, above all, the synthesis of knowledge from different scientific fields.

2. MAN'S ATTITUDE TOWARDS RISKS

Man is a hopelessly imperfect creature. More precisely, he cannot support ideas that seemingly refer to repetition of the same mistake. He cannot devote time to thinking about possible catastrophes, or a notion that he is mortal and that his life will end soon. When he overcomes a crisis, personal or collective, material or moral, he convinces himself that diseases, economic dramas, natural catastrophes, or any other negative thing, cannot find him unprepared. He even comes to the conclusion that no such event can happen to him, and goes even further, believing that such a victory gives him an illusion of immortality. And what happens if he does not take bad things seriously? Where does excessive optimism lead? Should people be encouraged not to consider the future risks? Should we do everything we can to free ourselves from dealing with threats for the sake of peaceful life? Where will such philosophy lead us? This research will show that such a mindset is fatal for mankind. Perhaps our ancestors didn't have to deal with the future risks. But we do not have that privilege! The world is complex and increasingly interdependent and is rapidly changing. A slight change may have tectonic consequences.

3. REASONS FOR OPTIMISM

Is there space for pessimism? Why be upset? Many people believe that the world is heading for the better. Everything is going well. Numerous books that provide reasons for trust in the future are being published. Dominant elites, politicians, and governments also promise bright future to their voters, shareholders, and employees, glorifying the current achievements in economics and politics, convincing them that future has a great prospective. An interesting book "Revolution" by French President Macron is an outstanding example of this, although current situation in

France disagree with that. The possible crisis is not even mentioned in financial institutions nor in the banking sector. On the contrary, they send constant messages about long-term growth, no inflation, and low unemployment.

We have analyzed the grounds for this optimism. The objective reasons that we came up to deserve to be presented as follows:

(1) Extreme poverty (live on less than $1.90 a day) is reduced to 700 million people in 2018 from 2.5 billion in 1981 [15].

(2) Life span is longer than ever. It increased from 47 years of age in 1950 to 72 years in 2018. In the same period, the infant mortality rate was reduced from 15% to 3% [12].

(3) Deadly infectious diseases (ebola, SIDA, etc.) are under control.

(4) More and more people are covered with basic life insurance and health care.

(5) The level of education in the world is rising. The literacy of the people over 15 years old is over 86% versus 70% in 1980. Between 2000 and 2015, the rate of primary education grows from 84% to 90% [4].

(6) Economy growth is the highest today, enormous capital is available. The interest rate is very low, which stimulates investments.

(7) Food production per capita has increased significantly over the last three decades (for example, wheat supplies in 2018 were 258 million tonnes) [2].

(8) Technical progress has improved several activities: health, knowledge and education, transport, energy economics, biotechnology, and many others. Information technologies are no longer on the first wave of change, but have been replaced by nanotechnology, biotechnology, neuroscience, and artificial intelligence. Their application shows that advancement in knowledge and technology is the engine of human development.

(9) Raw materials do not seem to be lacking (biomass, various minerals, fossil resources).

(10) The current order in the world is not likely to change. The United States (US) remains the force with the largest military budget, naval fleet, and aviation on the planet.

(11) The US economy remains strong and with its new industries (artificial intelligence, nanotechnology, biotechnology) strengthens its power. The largest world companies operating with new technologies are seated in the US.

(12) China is becoming an economic and military force, and no one in China talks about the crisis. Large Chinese companies become serious rivals to the US economy in the field of artificial intelligence and electronic commerce.

(13) Several countries (Vietnam, Indonesia, Malaysia, Australia, Russia) are remarkable in the development and optimistic vision of their future.

(14) Africa is also optimistic: the future is promising. Gross domestic product projections are high, especially in Nigeria, Egypt, and South Africa. According to these projections African GDP in 2050 will be higher than European [5].

(15) The cradle of civilization, Europe, promises stability and progress. It is a continent of 510 million inhabitants and a quarter of the world's GDP.

(16) Multilateral agreements (Europe-Japan, OECD, Paris Agreement, etc.) introduce necessary regulations in the global market. Ecological problems of the planet are being solved. Ozone hole is reduced and the second largest coral reef (Belize) is no longer in danger. The Paris Agreement, signed by 167 countries, has established grounds for combating climate change.

(17) Democracy and the market economy have spread to the whole planet.

(18) Violence and barbarism have been significantly reduced.

4. WHAT IS BEHIND THE VAIL OF OPTIMISM

Many things are far from being optimistic. However, politicians, governments, and scientists ignore that fact. Negative phenomena and tendencies are distinguished as follows:

1) Wealth is increasingly accumulated by a small number of people. A part of the world income held by 1% of the richest people is 20%, and if the current trend continues, in 2050 they will hold 30% of the world income [8]. It is to be expected that inequalities between employees and renters, or the profit acquirers and rents, will grow with the current impact of technological progress; 9.6% of the world population still lives in extreme poverty below the poverty threshold [6],

2) Infrastructure is insufficiently maintained. Bridges, railways, viaducts, and other infrastructure are in bad condition. Of 600,000 highway bridges in the USA, 217,000 are in poor condition. The consequences are dramatic: there have already been several railroad catastrophes (Philadelphia, Hoboken, New Jearsy, Minneapolis). Situation in Europe is the same. The tragedy in Genoa in August 2018 is a perfect example.

3) Growing unemployment. There are more reasons to support an increase in unemployment if things continue to develop as nowadays. Technological progress with robotics and artificial intelligence leads to the complete replacement of manual work on numerous jobs. Machines are increasingly replacing people. The drivers of cars, buses, trucks will lose their jobs. The same is happening to a large extent in logistics, trade, health care, and many other activities.

4) Uncertainty increases in terms of respecting contracts, relationships with partners, children, and within the family. The current value of individual freedom and democracy supports this.

5) Raw materials are getting scarce. Supplies of raw materials are drastically reduced. Humanity consumed 7 Gt of raw materials in 1900, 50 Gt in 2000, and 85 Gt in 2018. Some of these raw materials are already gone [4].

6) Air and water are becoming more and more polluted. Carbon dioxide emissions are not decreasing. In 1917, worldwide emission in energy production has reached 32.5 gigatonnes. Since 2000, 6,000 ha of forests disappear every year [1]

7) Climate changes. Global warming is a terrible threat to humanity. The average temperature on Earth increased 0.85 Celsius degrees in the period 1880–2012. At the same time, the mean surface temperature of the ocean (75 m) increased 0.44 Celsius degrees [7]. As a result of these changes, the sea level has risen 19 centimeters in the period 1910–2010.

8) The lack of drinking water. This is a great issue because drinking water is a vital need for human population. Today, 2.7 billion people and more lacks drinking water. This scarsity is especially pronounced in Africa. A half of the world's population lacks sanitary systems and the apropriate treatment of contaminated water.

9) Migrations increase. In recent years, nomadism is coming back at the global level. In 2017, more than 250 million people did not live in their place of birth, as opposed to 220 million in 2016. Economic and political migrations towards Europe are especially pronounced.

10) Democracy values have been questioned. All threats and events have opened the question of democracy as an ideal system of rule. Increasing concentration of wealth in the hands of a small number of people leads to the strengthening of plutocracy, i. e, it leads to the transformation of democracy into plutocracy. The interests of elite are in the foreground. Decisions are made without taking into account the common interest in burning problems such as global warming. Plutocracy does not work in a long run, but dictatorship of short-term and money dominates. Money has become the highest value.

11) Markets are globalized, and democracy remains local. There are no regulations for global businesses, which has profound negative consequences. All this encourages an idea that democratic era has passed, that a new model of governance must be sought.

4. 1. THE LACK OF PERSPECTIVE AND STABILITY

If we analyze previous problems in the context of longer term and global movements in the long run, some important issues are opening up. We know that the historical development took place according to the triumph of individual freedom, selfishness, narcissism, triumph of money, the expansion of the market economy. It is a growth at all costs without taking into account the past or the future. Here dominates an absolute egoism of the current profit, leaving nothing to future generations.

Geopolitical changes are also noticed: a relative decline of the US Empire and the efforts of several countries to take the place of dominant empire. In 1948, a half of the world GDP was made in the US with 21.7% of world trade, and now it is one fifth and 8% of world trade.

The level of education in the United States is decreasing. The American mathematics score has declined from 486 to 474 in the last 15 years (in China it was 549 in 2015). The reading capacity was also reduced from 490 to 487 in the last 15 years (in Japan it was 509 in 2015). Even in patents, American long domination is reduced.

China has become a serious military rival to the United States, as a new military force on the sea, air, and land. In 2016, China outrun the United States in supercomputers (167 in China and 165 in the US). Besides China, serious world powers are: the Russian Federation, Turkey, India, Pakistan, and others. Global competition of new forces, and previously explained tendencies in the world, have led to the spread of organized crime in parts of the world where global regulators have not been established. The mafia has already taken control in much of Latin America, and is also threatening to take the rest of the world. Illegal and criminal activities are everywhere and are taking control over governments, on all continents. Social upheaval in the world is deep and alert.

5. THE CRISIS IS QUITE POSSIBLE

All of the above mentioned is true, unfortunately. There are several scenarios, extreme ones are also very likely if the situation is fully understood. Even if probability of the crisis is small, we cannot afford to overview the signs. We must find the ways to face it. Evidently, if the same governing mechanisms continue to apply, if the attitude towards infrastructure and institutions does not change, if mistakes from the past are not fully understood, debts will continue to grow, nature will continue to be destroyed, climate will continue to warm up, people's dissatisfaction will increase, democracy

will be threatened by fundamentalism of various forms, protectionism will rise and totalitarianism will strengthen.

Instead of coping with problems and trying to solve them, companies, governments, and individuals act passively, relying on the principle of delayed action, and hoping that some higher powers will solve them.

Thus, Central banks continues to print money, indebtedness increases, nature degradation is more pronounced, and revenues grow at the expense of asset reduction. Central banks, which are considered to be independent, are creating money, hoping that through lending to governments, they will help politicians to implement the necessary reforms. However, politicians do not dare to do so, and more money in circulation increase indebtedness of governments, companies, and individuals beyond all limits. They hope that the increase in revenues will cover their debts. In 2016, the money supply was over 125% of GDP.

All the aforesaid stimulates artificial growth and financing of imports without real finances. For example, some European countries had excessive imports, and later they were not able to repay debts on this basis.

Even the classical economy cannot explain that such an increase of money in circulation did not result in inflation. The classical theory explains national economies including boundaries and protectionism. However, business globalization does not recognize bounds, only the rules of competition. In unregulated global economy, public debt is over 300% of GDP in many countries.

Bank borrowing is encouraged by low interest rates. The problem is the purpose of bank borrowing — not for investments in bridges, roads, viaducts, energy economics, education, reduction of carbon dioxide emissions, etc, but for current consumption.

Apart from the governments, private companies and households are also borrowing. Their indebtedness is over 50% of GDP. Expectations that technological progress will solve these problems in the economy have proved unrealistic. Problems with new technologies are ignored.

Unfortunately, all of this leads to the conclusion that economy of destruction is prospering. History showed that economy of destruction thrives during the crisis. For example, not long ago, music comedies flourished during the 1929 crisis. In the last few decades, in digital era, video games and virtual reality flourished. These activities occupied more than a third of people's life. Virtual entertainment is an increasingly powerful industry, being in the function of fun, encouraging inactive life. It even became the first cultural industry to overrun films and books. The number of social network users worldwide is over 3.2 billion.

The signs of the crisis are obvious:
— Interest rates start to grow;
— The value of companies listed on the stock market and many others is questionable;
— Many large companies have lost their value;
— Economic nationalism returns;
— Environment crisis, with ecological catastrophes, fires, floods, is our reality.
— The market economy and market dictatorship that favor the interests of plutocracy create nationalism, protectionism, and the strengthening of religion.

6. SOLUTIONS TO PROBLEMS

These problems inevitably lead to a crisis that can be partial (financial, economic, social, technological, political, ideological, geopolitical, ecological) or total. How to prevent the symptoms of the crisis from escalating? First of all, it is important to make a clear analysis of what is happening in the country regarding possible crises. Unfortunately, no government today is developing the anti-crisis strategy. Also, it is necessary to identify the bad sides of each country in the main domains of possible crises. After that, it is required to define the programs needed to solve the problem (education, infrastructure, demography, etc.). Creating a system of crisis resilience is an important step for the further action. Solutions should be sought in abandoning capitalism towards positive economy. Good example are Scandinavian countries which increasingly pay attention to the interests of future generations.

Many countries must decrease public debt, reduce unemployment, protect forests and agricultural land, reduce the dependence on fossil fuels, implement purification technology for soil/groundwater pollution, protect raw materials against destruction, etc.

Naturaly, this paper could not cover all aspects of a possible crisis, nor include all recommendations. This is just an initiative for discussion on survival of humanity as a burning problem today.

7. CONCLUSION

These empirical data, qualitative and quantitative, verify our theoretical hypothesis. Even if we continue to live in the world without the rule of law at the global level, dominated by ideology of money and egoism, if we do not act quickly in order to reorientate our spirit and the course of history,

and give place to altruism at the level of a planet, we will not progress towards a harmonious world, but opposite, towards upcoming cumulative crises: economic, social, ideological, political, and others. Some early warning indicators of crisis are:

— Negative tendencies in democracy;
— Growing pollution;
— Severe climate changes;
— Extreme lack of water;
— Worsening situation in agriculture;
— Intensified migrations;
— Destabilization of innovation in the labor market;
— Continued accumulation of wealth;
— Expanding economy of anger and tension.

Can the world avoid falling into a new big crisis? There is not much time left. We must understand that disloyalty towards others becomes an unsustainable philosophy, that the market is no longer sufficient to organize the world, that democracy bound to the national territory will soon be sufficient for the rule. We need to understand that cooperation is better than competition, that mankind is one and that we must move to a higher level of superior ethics and its political organization, thus, to a change in the value of the world. Therefore, we must act to accomplish this: track statistics, identify problems, and act without hesitation or delay.

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