



# Global Risks

Identifying Global Risks & New Nationalism in 2018

# Globalization

the process by which national economies, politics, cultures, and societies become integrated with those of other nations around the world

# Globalization Trends

- Like many other trends, globalization has seen ups and downs
- The late 19<sup>th</sup> century was an important era for globalization, but the post WWI depression caused economies to plummet and trade to halt
- Post WWII is a period called “re-globalization” referring to its resurgence from the post WWI slump



# Globalization Trends

- What are some reasons we saw this upward trend?
  - Emerging global treaties and unions (the UN, NATO, the EU)
  - Technological advancement and better communication
  - Breaking down of political barriers (the end of the Cold War, the fall of the Berlin Wall)
  - Economic growth due to broader trade
- In fact, this period was specifically designed to promote peace and stable economies after the blood-ridden decades of both World Wars



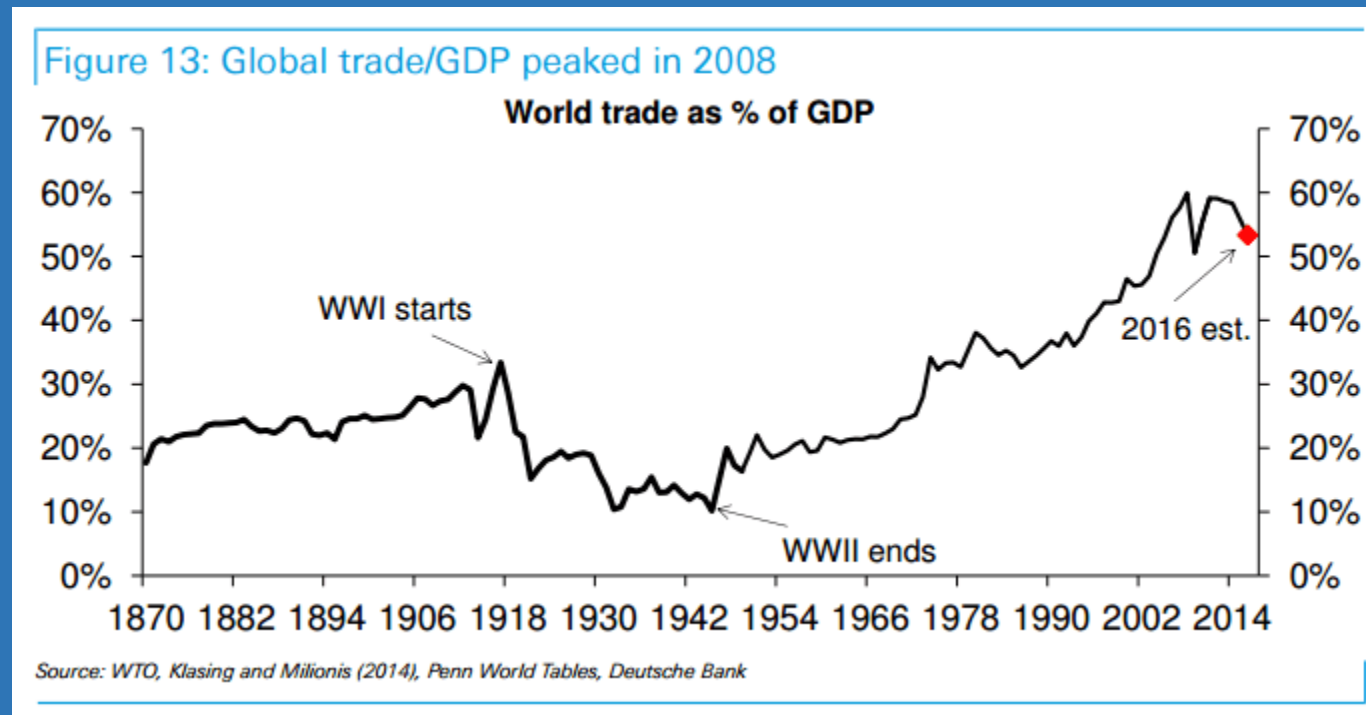
# Globalization Trends

- Though globalization is supposed to herald peace in the 21<sup>st</sup> century, many people have reservations about the trend
- What concerns could people have about globalization?
  - It sets up the economy so that the rich get richer
  - There are still significant trade barriers
  - Jobs in developed countries are outsourced to less-developed countries
  - Corporations are increasingly involved in political decisions



# Globalization Trends

- Global trade peaked in 2008 and has been falling since
- Economists don't know if falling trade is caused by de-globalization or if de-globalization is caused by falling trade. **What do you think?**



# New-Nationalism

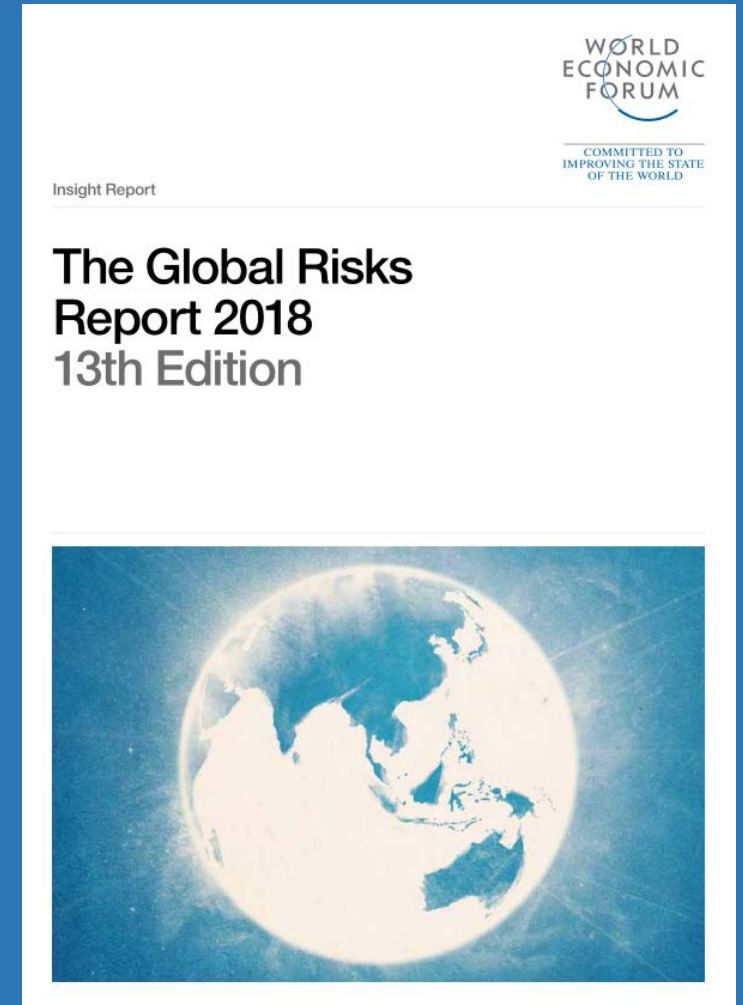
the renewed interest in nationalistic sentiments;  
the term is used to describe modern anti-globalization policies and an interest in building up national defense rather than acting as part of the global mechanism

# Global Risks in 2018



# The Global Risks Report

- Beginning in 2004, the World Economic Forum began publishing yearly Global Risks Reports
- The reports are meant to show trends and issues that need to be targeted in the coming year so that policymakers can be well-informed
- This year, more than 750 experts weighed in and determined the 4 most pressing trends of 2017 that need to be addressed in 2018



# 1) Inequality and Unfairness

- Worldwide earnings growth has been decelerating since 2012
- Global inequality is down, but country inequality is an increasingly corrosive problem
  - 53% of countries have seen an increase in income inequality, which is more pronounced in advanced economies
- Automation is a potential driver of the growth of inequality - correlates to unemployment
- Concerns about inequality rests on the worry of societal fairness – “the system is rigged”



## 2) Political Tensions

- The UK and US both experienced dramatic anti-establishment democratic results in 2016
- US dealing with deepening polarization which increased the confidence of far-right movements
- UK political system struggling to cope with the decision to leave EU
- Far-right parties continue to grow in strength and influence in European countries



## 2) Political Tensions

- Identity politics causes polarization between groups of different cultural heritages, as well as on international platforms
- New-nationalistic theme reverberating in the U.S. China, Turkey, Russia, Japan, etc.
  - The U.S. is less willing to cooperate with other nations
  - World Trade Organization may cease to function/lessen its ability to resolve trade disputes in 2019
- Many volatile areas are on the point of eruption – North Korea, Syria, Yemen

# 3) Environmental Danger

- Most pressing environmental issues of 2018: extreme weather events and temperatures; accelerating biodiversity loss, pollution of air, soil and water
- September 2017 most intense hurricane record in history
- Storms and other weather hazards are a leading cause of displacement
  - 76% of the 31.1 million people displaced in 2016 were forced from their homes because of weather-related events



# 3) Environmental Danger

- 2017 among the three hottest years on record
  - California experienced over 9000 wildfires, causing historic levels of death and destruction
- Rising temperatures will disrupt agricultural systems – widespread famine and hardship resulting in failure of crops
- Biodiversity loss is now occurring at mass extinction rates
  - Main cause of biodiversity loss is deforestation



# 3) Environmental Danger

- Indoor and outdoor air pollution are responsible for more than 1/10 of all deaths globally each year
  - Over 90% of the world's population live in areas with levels of air pollution
  - Deaths most concentrated in low- and middle-income countries
  - Urban air likely to worsen as migration create more megacities
- Political factors disrupt efforts to mitigate climate change



# 4) Cyber Vulnerabilities

- Cyber breaches in businesses have almost doubled in five years
- Cybercriminals have an exponentially increasing number of potential targets because the use of cloud services
- Financial costs of cyberattacks are rising – Annual cost of \$16.4 million per company





# 4) Cyber Vulnerabilities



- Largest costs in 2017 on ransomware – malware that locks targets out of their data and demands a ransom in return for restoring access
- Growing trend of using cyberattacks to target critical infrastructures
  - 2015 attack on Ukraine’s power grid
  - 2016 attack on SWIFT messaging network led to theft of \$81 million from the central bank of Bangladesh

# Leaders of the New- Nationalism Movement



**Population: 81,416,284**

**Government Type: Parliamentary Republic**

**Current Constitution Ratified: 1982**

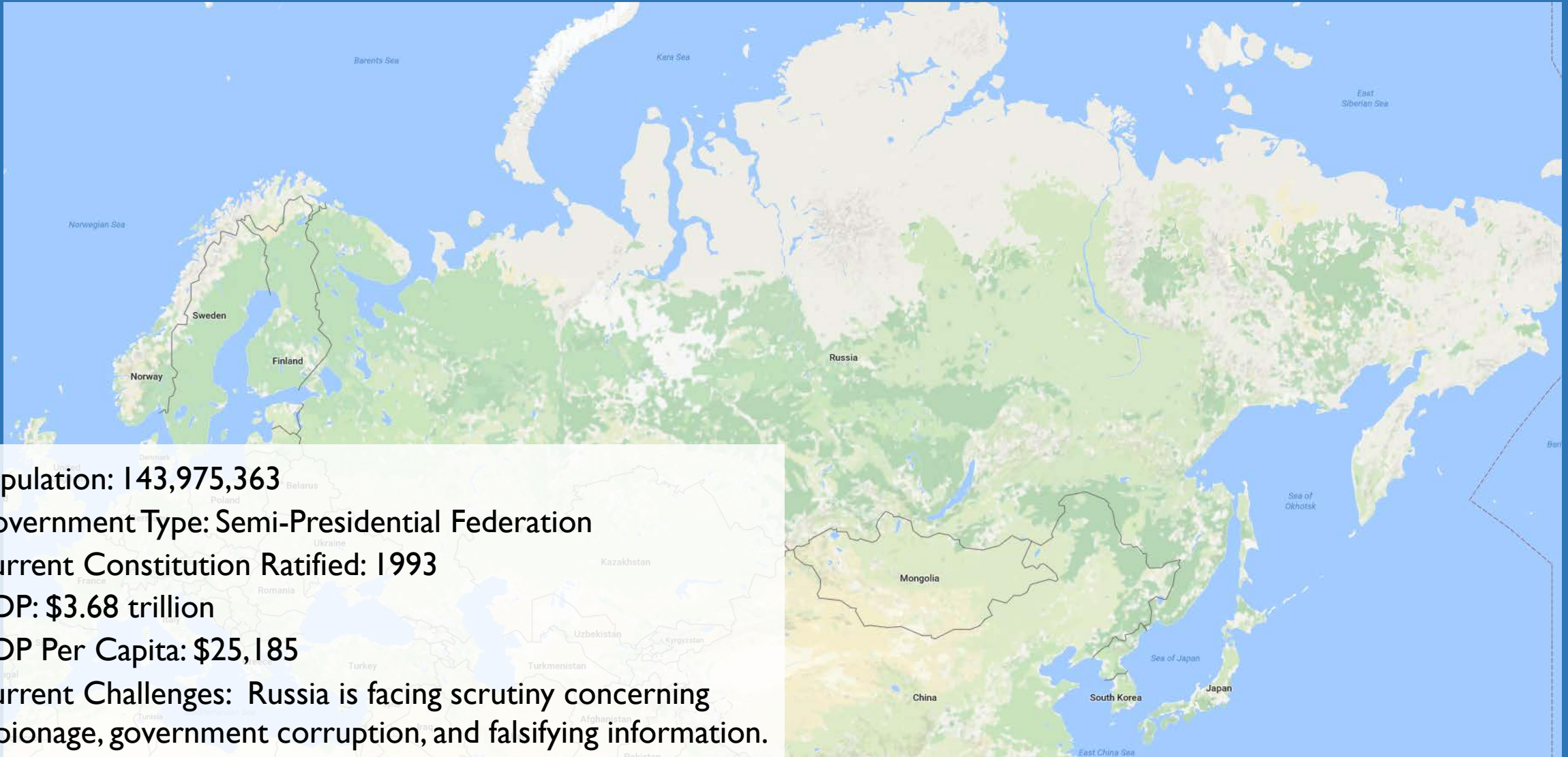
**GDP: \$1.67 trillion**

**GDP Per Capita: \$21,198**

**Current Challenges:** Turkey is highly divided among religious, cultural, and generational lines. Their main struggle is with Kurdish militants, the Islamic State, and domestic internal disputes.



Recep Tayyip Erdoğan  
President of Turkey



**Population: 143,975,363**

**Government Type: Semi-Presidential Federation**

**Current Constitution Ratified: 1993**

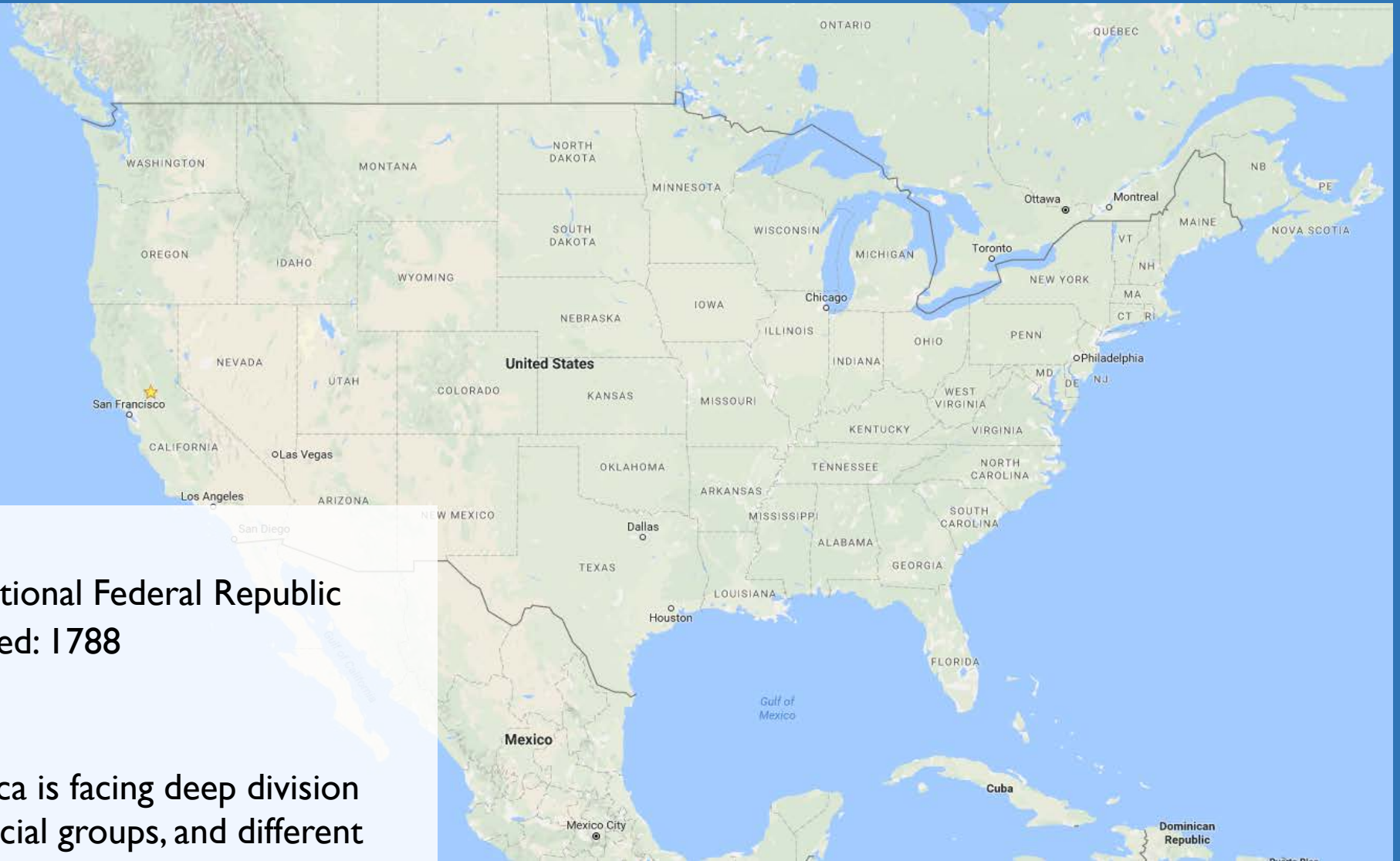
**GDP: \$3.68 trillion**

**GDP Per Capita: \$25,185**

**Current Challenges:** Russia is facing scrutiny concerning espionage, government corruption, and falsifying information. Many worry that Russia's foreign policies are too aggressive, especially in its involvement in Syria.



Vladimir Putin  
President of Russia



**Population: 327,093,500**

**Government Type: Constitutional Federal Republic**

**Current Constitution Ratified: 1788**

**GDP: \$18.56 trillion**

**GDP Per Capita: \$57,300**

**Current Challenges: America is facing deep division between political parties, racial groups, and different generations. Countries worry that the U.S. will soon lose its superpower status.**



Donald Trump

President of the United States



**Population: 54,786,300**

**Government Type: Parliamentary Constitutional Monarchy**

**Current Constitution Ratified: N/A**

**GDP: \$2.78 trillion**

**GDP Per Capita: \$42,500**

**Current Challenges:** The UK is currently trying to establish their exit plan from the EU, or Brexit. Citizens within the UK as well as Scotland and Ireland are unhappy with the decision. Others are thrilled to leave the EU and define immigration, economic, and political landscape.



A photograph of Theresa May, the former Prime Minister of the United Kingdom, speaking. She is wearing a dark blue dress and has short, light-colored hair. She is gesturing with her hands as she speaks. The background is dark with a blurred Union Jack flag. The image is set against a solid blue background.

Theresa May  
Prime Minister of England