



## What keeps the super-rich awake at night

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Some of the richest and most powerful people in the world were asked by Wharton researchers to assess a set of risks likely to disrupt life as we know it — risks that could bring the downfall of governments and destroy economies.

Of more than two dozen catastrophic scenarios, the group of global titans said these were their biggest concerns:

- 1) Income inequality, which threatens social and political stability as well as economic development.
- 2) Increasing numbers of extreme weather events which cause massive damage to property, infrastructure and the environment.
- 3) Chronic unemployment, which coincides with a rising skills gap and high underemployment, especially among the young.
- 4) Climate change, specifically the failure of government and industry to take action to protect threatened people and businesses.
- 5) The escalation of large-scale cyber-attacks.

The survey was prepared for this week's World Economic Forum in Davos, a gathering of the billionaire business tycoons, current and former heads of state and high-profile intellectuals in the Swiss Alps. U2's Bono, who often attends, once labeled the yearly confab of 2,500 bigwigs "fat cats in the snow."

This year, attendees include the University of Pennsylvania's Amy Gutmann and several economists from the Wharton School.

The report, [Global Risks 2014](#), was prepared in collaboration with the Risk Management and Decision Processes Center at Wharton.

It presents an unsettling conclusion: The world is not equipped to deal with global risks.

Nearly 700 Davos-connected people responded and, for the first time in the history of the survey, an additional 500 CEOs were asked about possible ways crises could be averted.

The annual survey has been uncanny in its anticipation of major global shocks. In 2007, it foresaw the coming of the international global meltdown. In 2008, it sensed the growing unrest in the Middle East — the Arab Spring arrived in 2009.

This year's report also raises concerns about the misuses of nanotechnology or synthetic biology, the spread of antibiotic resistant bacteria, communications disrupting solar superstorms and the possibility of a catastrophic asteroid hit.

Though the respondents felt that another fiscal crisis poses the greatest risk in terms of global impact, the 2014 report marks the third year in a row income inequality topped the list as most likely to occur.

“People think about Davos in terms of ‘how can these people even talk about income disparity?’” said Erwann Michel-Kerjan, executive director of Wharton’s Risk Management Center. “That’s why the report is interesting. To the leaders of the world it talks about the implication of income inequality within the long-term, the next 5 or 10 years. We really haven’t had that discussion in America.”

Pulitzer Prize winning reporter David Cay Johnson, who has written several books on income inequality, asked a pointed question about the survey yesterday in a commentary for [AlJazeera.com](http://AlJazeera.com).

“The puzzle for the Davos set is why the declining fortunes of the vast majority have not touched off social upheaval in America and more turmoil worldwide,” Johnson said.

Michel-Kerjan, said the survey results were analyzed and respondents broken out into groups according to gender and age.

“It’s pretty striking. Among all the 31 risks we looked at, the women find the risks more worrying than men,” he said. The report attributes women’s greater sensitivity to risk to a tendency to take a long-term view of the world. “People under 30 are also more concerned. People who are in power today are rarely under 30 and don’t see these risks as seriously.”

When asked if the respondents were worrying about the right things, Michel-Kerjan said he was impartial.

“Everything’s important,” he said. “Should a potential water crisis be more important than a cyber-attack? It depends on who you are. One thing we tried to do in the report this year is not just talk about how [the potential for different crises] interact.

“Now that we’ve scared everyone, we can ask ‘What can we do about it?’ “