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Resilience in a complex world – Avoiding cross-sector collapse

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ABSTRACT

In a more and more globalized world we have created unprecedented connectivity, mainly by striving for better business opportunities. But with such a strong global connectivity, the risks associated have also changed: formerly local issues can now have global impact, and systems are often too complex to fully understand their interdependencies. In addition, the speed of change is increasing in many sectors of society and the economy. So we are building a future world with more and more interdependencies of which we understand less and less, and this process is accelerating sharply. This means that we are mixing together the typical ingredients for an upcoming crash, which in the worst case could mean the collapse of society as we know it. To avoid such a scenario, a coordinated effort of public authorities, civil society, industry, and academia will be required.

1. Introduction

Predictions about the collapse of society are probably as old as society itself, but only in the last decades has mankind managed to approach – and sometimes even overstep – the planetary boundaries [1,2] in several dimensions, often irreversibly. The scientific approach of modeling human societies on the basis predator (mankind) and prey (planetary resources) [3], also points to the possibility of a large-scale collapse. We often reassure ourselves by noting that all the models used are based on assumptions, that they have many uncertainties, that they only *approximate* our highly complex reality. Critical analyses of the limits of modeling seem to confirm this [4], and we know that technical models clearly do not take into account our human ingenuity at getting ourselves out of difficulties – but is this reassurance reasonable?

Even the assumption that we can define our own future within the planetary boundaries is questioned by critical voices like Russell [5], warning us against the belief in unlimited growth of exponential curves, and drawing drastic conclusions about the future of mankind. Nevertheless, our economic strategies seem to assume continuously greater efficiency in the future and even faster economic growth with literally no limit.

This method of forecasting future development by extrapolation from the past is risky in two different ways.

Firstly, it does not respect natural limits to growth. These may arise from the limited availability of resources, or from physical boundaries which seemed far away in the past, but now have come into reach. A good example for the latter is Moore's law [6], predicting in 1965 a doubling of the maximum number of transistors in integrated circuits every 12 months. This "law", adjusted to 24 months in 1975 and confirmed as *'not going to stop soon'* in 1995 [7,8], remained valid for some 50 years, but it is now at or near its limits [9], imposed by several paradigms of fundamental physics. Although completely new approaches might one day circumvent some of these limits [10], Moore's law simply cannot remain valid for another 50 years for integrated circuits as we currently know them.

Secondly, a prediction based solely on experience from the past does not foresee unexpected and potentially disruptive events. The Fukushima nuclear disaster of 2011 and the global financial crisis of 2007–08 are prominent examples of sudden events ending high-flying hopes for controlled risk in energy supply or ever-increasing economic profits, respectively.

Looking at the large number of fascinating growth stories from sources like digital industries, Chinese GDP, or investment banking profits, we tend to forget about the fate of the stars from the past when they reached their limits: US automotive industries, Canadian and European cell phone producers or Japanese efficiency champions all have in common that they could not maintain their excellent growth rates for eternity. We need to pay attention to the limits of growth very carefully when looking at the long-term resilience of our global society.

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2. Objectives

We will show that globalization and the digital revolution have led to more interdependencies, higher complexity and rapid acceleration of change in most sectors of our societies and economies. For this reason, the long-term resilience of a nation, a region or an industry cannot be considered any more as a confined matter that has little to do with the global environment.

We will demonstrate by several examples from the recent years that interconnection, complexity and acceleration thereof as ingredients of globalization and digitization have increased the risk of major shocks, propagating not only inside but also across individual sectors, and to society as a whole. We will show that there are strategies to limit this risk but also show that these strategies could not have been implemented successfully so far in our current economically driven environment.

During the discussion we will look at two important concepts which are relevant to resilience, but are not at the center of the attention of our growth-oriented efforts today: *fairness*, which is important to avoid tensions within societies, and *risk transfer*, which in many examples seems to flow from the better-informed expert stakeholders to the less-informed parts of our society.

We make a number of suggestions as to how science can support policy decisions in a highly complex world. We also propose a radically different pattern of business incentives, aimed at taking some steps towards improving fairness, at decoupling economic growth from consumption and above all at making risk-taking at someone else's expense less attractive.

3. Methods

Although there is abundant literature about resilience, sustainability and risk, there are very few scientific discussions of hyper-complex issues spanning multiple sectors of our societies, policies and economies. The notion of so-called post-normal science, introduced by Funtowicz and Ravetz [11], is a step in the direction of understanding complex systems at the borderline between science and policy, but it only gives theoretical backing rather than direct guidance. More on the practical side, Taleb [12] provides many important examples, including valuable considerations on the human inability to assess risks correctly in complex environments. The issue of the human mind often being misled is also underlined by Spiegelhalter [13], showcasing several disruptive events with economic or health impact.

Because resilience and sustainability are typically discussed in communities focused on the business perspective (such as re-insurance companies), at the national level (governments), or in a particular community (e.g. the civil protection community), there is no obvious forum for a broader scale discussion at supranational level, connecting economic, political and societal dimensions.

We started such a dialog on the work of the European Commission's Joint Research Centre (JRC), when around 2012 we realized that the typical crisis management activities are related to civil protection, but the predominant crisis of these years was the financial crisis, in which the JRC was performing completely different activities such as modeling the probabilities of bank failure or assessing the trends and issues in public finances of Eurozone Member States. From the idea of resilience cutting across sectors and being relevant in many places, we identified many sectors in society, policy and economy where resilience matters, and documented them in an overview report [14]. In a series of related workshops and conferences we discussed the facets of resilience with the stakeholder community and gathered valuable insights. In a 2014 workshop on 'Thinking the impossible' at the JRC in Ispra, Italy, we looked at risks that sound highly unlikely but could be devastating. At the Global Risk Forum 2014 in Davos we ran a dedicated session on risks across sectors of society. At the European Climate Foundation in Brussels early 2015 we followed up on the matter, and at a big conference of the European Commission in September 2015 (also in Brussels) we had a plenary presentation on resilience, complexity and risk across sectors of society. Finally, in joint session of the International Council of Science (ICSU) and the JRC at the World Science Forum of November 2015 in Budapest we discussed resilience in a changing world. The findings and conclusions of these workshops and conferences are presented in this article.

4. Results

4.1. Increased dependencies across sectors

Crises can spread globally, and in our modern world they can easily also impact business sectors that at first glance do not seem exposed. In the following section we will show examples of how effects can hop from the digital world into the finance sector, from finance to government, on to geopolitics, to energy and finally to societal stability. The related damage in each hop amounts to several billions. Although the examples listed are not connected, in the future we might see cross-sector cascading effects.

4.1.1. From digital to finance

In the digital world, computer viruses can cause damages in the millions, but these damages are usually distributed over a very large number of users and businesses. Other digital risks strike more centrally: high-speed trading algorithms, making autonomous decisions at the stock exchanges in milliseconds, caused the so-called flash crashes at the New York Stock exchange in 2010 and at the Singapore stock exchange in October 2013, with the latter reportedly wiping out 6.9bn USD [15]. It took more than four months to analyze the reasons behind the 15-min New York crash, and the report by the US authorities came to the conclusion that there was no clearly identifiable root cause that sparked the crash. They considered the events *'an important reminder of the interconnectedness of our derivatives and securities markets'* and stated that they *'clearly demonstrate the importance of data in today's world of fully-automated trading strategies and systems'* [16]. Although many stocks rebounded right after the dip, the reaction of software algorithms could easily have ruined companies, and in Singapore some stocks lost 87% of their value. Safeguards were consequently installed in the systems of the stock exchanges, but other unpleasant and new surprises might come from different directions: high-frequency trading, for instance, can be vulnerable to the effects of solar storms [17], but not all financial institutions are aware of these very indirect effects: originating on the surface of the sun, solar outbreaks can create electromagnetic disturbances strong enough to take out the GPS signal, which is widely used for time synchronization in financial trading.

4.1.2. Financial to economic

After the collapse of Lehman Brothers in 2008, a major shock went through the US banking system. Not only the US housing market had gone sour, but credit default swaps had been spread all over the globe – and a cascade of repackaged and distributed risk started, jumping the Atlantic Ocean easily and hitting EU banks. Some of these were hit so hard that they had to be bailed out by their governments, so the risk continued in the governments. Some EU governments needed central support, and the EU used the opportunity to overhaul its financial system. Nevertheless, the governments of eleven EU Member States resigned or were ousted over the crisis, some of them several times (Latvia and the Czech

Republic in 2009, Ireland, Portugal, Greece, Italy and Spain, in 2011, Romania, the Netherlands, and Italy again in 2012, Slovenia in 2013, Italy a third time and France in 2014 and Portugal in 2015).

The link between the US banking sector and EU government stability is obvious in hindsight, but very few if any observers had noted it before 2007.

More obvious is the link from government to geopolitics. The Arab Spring gave rise to unstructured power relations and laid the ground for extremism and radicalism. Ukraine's attempt to sign an association agreement with the EU led to massive demonstrations and a regional political crisis, including a (civil) war. The civil war in Syria, ongoing since more than five years, has destroyed stability and economy in the region. And we recently saw in the gas supply discussions between Russia, Ukraine and the EU that geopolitics links to energy. It took a well-prepared last-minute effort to conclude a gas supply deal, which finally was agreed only shortly before winter, during the last days of October 2014.

4.1.3. Energy to society

Energy is at the core of the economic development of many countries, and the power grid has become an indispensable critical infrastructure. A fictional but well-researched scenario on what the world would look like after a widespread collapse of the power grid is available in the book by Elsberg [18]. Elsberg considers an IT-based collapse, but that is not the only hazard to the power grid: several reports and studies on severe space weather suggest that this too could cause major damage, up to USD 2.6 trillion in the first year in the US alone [19,20]. In addition, energy has an obvious relation to climate policies, to the real economy and even to digital processes: modern computing centers depend on energy availability, and new digital concepts like the blockchain [21] of the bitcoin currency even exploit the obstacle of not being able to calculate highly complex matters without consuming significant energy [22].

There are numerous other examples where sectors that were reasonably independent in the past are now coupled across the globe. *E. coli* contaminated food traveled all across Europe. Pandemics like SARS or bird flu spread through intercontinental travelers. Ebola cases were spread by infected passengers from Africa to Europe and to the US; the disease was only contained through a major international initiative.

All these examples show clearly that not only has the interrelation between sectors increased, but also the *complexity* of interdependencies in financial markets, of energy grids, of high-speed trading algorithms, of the food chains, of environmental changes and of global travel has grown hugely. Indeed, in many cases we only perceive these interdependencies after a major perturbation, and there is no agreement on what body or institution has the responsibility for identifying, monitoring, and controlling the risks created.

The context of change is formally given a global perspective by the *Global Risks Report 2016* [23], which draws attention to ways global risks could evolve and interact in the next decade. The top five global risks in terms of likelihood are ranked to be: 1. large-scale involuntary migration; 2. extreme weather events; 3. failure of climate change mitigation and adaptation; 4. interstate conflict with regional consequences; and 5. major natural catastrophes. The report's Global Risks Interconnectedness Map 2016 shows strong interconnections across sectors, e.g. between environmental and societal risks (failure on climate change and water crises), but also across societal, geopolitical and economic risks (with strong links from state collapse to migration and between social instability and unemployment).

4.2. Increased complexity of systems and processes

The financial crisis has brought to our attention that the lending relations in the interbanking market have become highly complex [24], which decreases systemic resilience. Haldane and May [25] identify modularity as a key feature for the topology of a stable financial system, as it helps limit contagion. Typically, one would expect that a good connectivity in financial networks allows for a sound distribution of risk, but Battiston et al. [26] have shown that in the presence of a financial accelerator (which we clearly had in the financial crisis, where the robustness of an entity was strongly assessed on the basis of its past trend) this only holds until a certain threshold is reached. Over the threshold, additional connectivity turns counterproductive and creates a pernicious feedback loop, increasing individual and systemic risk.

The situation during the financial crisis was even worse than that depicted by the theoretical approaches. Little was known about the *real* connectivity in the banking system. Rumors about new candidates for bankruptcy were traveling fast, and the biggest unanswered question about the distribution of debt was literally: 'Where is the money?' In addition, banks were rushing to pass on questionable debt for as long as it was still possible, creating a dynamism which could not be controlled easily. The failure to understand the complexity of the market is perhaps depicted most prominently by the fact that the German KfW Bank transferred 320 million Euros to Lehman on Monday, September 15th, 2008, the very day Lehman collapsed. Luckily for the KfW, the majority of the sum was recovered later [27].

But the financial markets are just one example of a sector that has become so complex that we simply do not understand it anymore. The fact that we have also lost track of the details of our food chain became obvious when in 2011 the European *E. coli* bacteria outbreak caused several fatalities in Germany and beyond, and a frantic search for the origin started. Due to the precautionary principle, also suspect traces had to be addressed, resulting in Spanish cucumbers being wrongly identified as contaminated with *E. coli*. This led to reported weekly Spanish losses of 200 million Euros [28] due to the decline in consumer trust, whereas finally bean sprouts of completely different origin were identified as the root cause for the *E. coli* outbreak, although even this was contested. The issue showed how little we know about the origin and stopovers of our food.

Another less damaging but unexpected complexity could be observed after the Fukushima nuclear disaster, when Ford Motors in the US and other international car makers could no longer produce models in a particular metallized black [29] due to a shortage in the Xirallic® pigment, produced by Merck plant near Fukushima, which had been affected by the catastrophe. (Note that strong impact from Fukushima also arrived on the other side of the planet, when the German government issued its *Energiewende* policy to abandon nuclear power as a consequence of the disaster in Japan.) This example shows that it is not only in the food sector that the complexity of supply chains has grown beyond our comprehension.

The power grid is another infrastructure which has become so complex that we do not fully understand it anymore. On 4 November 2006, the cruise ship *Norwegian Pearl* was planned to make its way on the German river Ems to the North Sea, requiring a shutdown of a 380 kV power line across the river for safety reasons. Although a routine operation, this shutdown resulted in cascading effects all across Europe, leaving an estimated 15 million households in Germany, France, Italy, Belgium, Spain, and Portugal without power for more than an hour [30].

These examples show that our technologically driven world has developed structures and processes that cannot be fully understood or easily modeled anymore. Even if we had the time to

carefully analyze this, it would not be very helpful: reality is moving on, and complexity is added on a daily basis. In a competitive world with tightly fought margins we cannot expect the complex processes to be stable over time. The opposite is true: the speed of change is even increasing in many domains.

4.3. Acceleration of interconnectedness and complexity

The exponential growth of Moore's law has boosted performance and minimized the size of microelectronics. The availability of ever smaller and more powerful digital technologies has also accelerated other areas such as climate modeling, agriculture, industry automation, material sciences, genetics, economic assessment, finance, transport, construction and many other sectors. In addition, modern information technology has created a wealth of business opportunities for the digital economy. Smartphones put the information of the internet at our fingertips, social networks arose, satellite navigation systems helped with orientation and timing, digital imaging and new sensors gave us a better picture of the world, and all of these results can be joined into what we call big data. In December 2015 the international science community, Science International, published a joint statement, on *Open Data in a Big Data World: An international accord* [31]. They identified the opportunities and challenges of the data revolution as today's predominant issue for global science policy and proposed some fundamental principles, noting that the scientific community has a distinctive voice.

The acceleration of all of these sectors has also changed many business models, which has two negative consequences for the resilience of modern society. Firstly, there is a stronger dependency of almost all of the processes of our daily life on very few players, and secondly – though associated to the first effect – we can observe a more and more uneven distribution of profits, leading to tensions in societies.

Dependency has been created by new concepts such as Information as a Service (IaaS) or Software as a Service (SaaS), binding customers to suppliers in a far stronger way than the traditional model of producing and selling. Ten years ago we would buy a CD and own it, whereas today we need to sign up to music platforms which provide us with the desired content – and monitor our behavior continuously. The associated business models are pushing into other sectors of industry. Traditional companies in the automotive sector have to face competition from IT companies developing autonomous driving, thereby harvesting even more data. E-books are so convenient that hardcover and paperback revenues are sharply declining, non-digital photography has almost disappeared and smart phone apps are replacing travel agencies and taxi companies. This digital acceleration might be creating more choices for the customer, but comes at the price of dependency on very few digital players.

In addition to this dependency, which is detrimental to resilience, there is a mid-term issue with wealth distribution: the agreed measure for macroeconomic growth is still GDP, which does not contain any fairness component. So we are striving for economic growth, sometimes also for inclusive growth, but not necessarily for a *fair* distribution of growth. An example illustrates the differences: from 2007–2015, a period covering the financial crisis, the OECD countries on average experienced moderate growth in terms of GDP [32], but the general aggregate is not telling a lot. The GDP per capita of different countries developed quite differently, and in 2015 Germany and Greece were at 107.65% and 76.75% of their 2007 values, respectively. This created significant political tensions, and is not expressed in monitoring the aggregate OECD total (which is 106.45%).

But the problem also exists at national level: the majority of EU households might not agree on having experienced any economic growth since 2007, but would rather recall austerity measures, income cuts, and tax increases. The growth measured must therefore have arrived in other places – but we do not have detailed, up-to-date statistics on this. Some evidence originates from a study [33] of the European Central Bank (ECB) in 2013, comparing the *mean* and the *median* values of household wealth in the Eurozone and coming to the conclusion that fairness has suffered. Germany's households, for example, are on average (mean) comparably well-off, but the difference between the *mean* household wealth and the *median* one is the largest in Europe, indicating significant unfairness in the detailed distribution. A very clear analysis of the ECB study can be found in [34]. In addition to potential tensions in society, the risky business models leading to uneven distribution are undermining resilience even further. We were reminded during the financial crisis that our modern world is targeted at short-term profit, possibly at the expense of the system, and that governments have to intervene if society is not to end up paying the price of excessive risk taking by comparably few market players.. This strategy of leaving behind the risk for the bank (or afterwards for the government and for society) should have been known well since February 1995, when Barings Bank, the oldest UK merchant bank, was brought down by a single rogue trader [35]. But in a fierce global competition every penny counts, and we cannot expect our job-creating entrepreneurs to give way to competitors for fairness's sake. Production lines of companies are transferred for profitability reasons from Central Europe to Eastern Europe, later to China and from there to Vietnam. Domestic jobs are lost and costs are being saved, while dependencies rise and unfairness increases. So a certain share of the digital revolution may just be a silent conversion of thousands of jobs into an enormous cash flow towards the few big digital shareholders. The evolution of wealth distribution in the US is very telling, and the perceived rule of billionaires has even been exploited with some success by Bernie Sanders in his 2016 US presidential candidature campaign for the Democrats.

Europe also needs to monitor its trends very carefully. The situation of many young Greek graduates without a job, in combination with loopholes for the wealthy in the national tax regime (or its enforcement) has already created massive tensions, led to government changes and to discussions with EU partners, put pressure on EU solidarity and weakened EU resilience during the financial crisis.

5. Discussion

5.1. Current situation

When analyzing the resilience of our modern and complex society, we start from the UNISDR Terminology on Disaster Risk Reduction [36], defining resilience as *'The ability of a system, community or society exposed to hazards to resist, absorb, accommodate to and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions.'* The United Nations' definition has an important addendum, expressed by the following note:

'Resilience means the ability to "resile from" or "spring back from" a shock. The resilience of a community in respect to potential hazard events is determined by the degree to which the community has the necessary resources and is capable of organizing itself both prior to and during times of need'. This notion of springing back from a shock is nicely expressed as 'Why things bounce back' by Zolli and Healy [37], who formally define resilience as *'the capacity of a system, enterprise, or a person to maintain its core purpose and integrity in the face of dramatically changed circumstances'.* For a

resilience assessment we therefore need to understand both the change we are exposed to and our capability to cope with it.

Are we already living in dramatically changed circumstances, are dramatic changes just ahead of us, or will there be a dramatic change only at a more distant point in the future? Comparing the world of today with the world in the late 1980s, we can see huge differences, e.g. in globalization and in digitization, but there are also many areas that have remained comparably stable, such as peace in Central Europe, the economically strong position of the US, the mechanisms of the United Nations, or the simple fact that the majority of our cars still run on four wheels and are fueled by hydrocarbons. Dramatic changes there have been, but often not arriving with a big bang, but silently inserting themselves into our daily lives (e.g. the internet). The process is continuing and accelerating.

Our capacity to 'bounce back' – or more formally to cope with dramatic change – is also difficult to assess. There is no formally agreed measure for resilience that could serve as a benchmark, but we have created powerful political processes to cope with change globally, such as the Sustainable Development Goals [38], the Paris Climate Agreement [39], or the global Sendai Framework for Disaster Risk Reduction 2015–2030 [40]. The latter includes in its *Priorities for Disaster Risk Reduction*, the statement 'Enhancing disaster preparedness for effective response, and to 'Build Back Better' in recovery, rehabilitation and reconstruction'. The Sendai Conference included a session on Disaster Risk in the Financial System which concluded that, by 2020, 1-in-100 and 1-in-20 risk analyses should be developed to enable the understanding of levels of resilience across all capital and support the adoption of standards by global regulators. These international agreements were all made in 2015 but it is notable that all of these instruments and procedures were the culmination of decades of work. The Paris agreement (called COP21 because it was signed at the 21st annual meeting of the Conference of the Parties of the UNFCCC) was preceded by the Kyoto [41] climate agreement of 1997 and its Doha amendment [42] of 2012. The Sendai Framework was preceded by the 2005 Hyogo Framework for Action [43]. The sustainable development goals were preceded by the original Millennium Development Goals [44] of 2000. Altogether, the international community has been working on resilience for at least 20 years in quite a determined way.

Nevertheless, while global agreements on resilience and sustainability have been concluded over the last 20 years, the exploitation of resources has continued, and our remaining planetary reserve has been depleted more and more. Significant economic development took place and growth was achieved in many regions of the world, including places like China, Brazil, India and South Africa, the OPEC countries, Southeast Asia, but also in Europe, Australia and in North America. However, much of this growth was accompanied by massive exploitation of natural resources, often associated with major catastrophes. Offshore drilling created disasters like the *Deepwater Horizon* incident with an estimated settlement of approximately $7.8bn [45]. Massive irrigation caused a significant loss of natural water reservoirs and dried out the Aral Sea [46], and biodiversity is decreasing at a speed that made Chapin et al. [47] request the establishment of a new international body to assess changes in biodiversity already in 2000. Our complex technology has created nuclear incidents with global impact, such as the Fukushima meltdown in 2011. Even our technological progress in successfully exploring space has left so much space debris behind that it will jeopardize the success of future missions, and Hall states in [48] *'… the space community is realizing that the failure to solve the problem would be disastrous.'*.

The role of media in these changes is complex, but important. On the one hand the mass media, often powered by an explicit political agenda, can choose to sensationalise some aspects of global risks while concealing others, thereby aggravating the problem and making it more difficult for society to find solutions; on the other hand the media – especially modern social media – can create awareness and encourage solutions. In modern democracies there should be no compromise with the principles of free speech, even where the effect may be destructive; but responsible media leaders, journalists and other commentators can be encouraged to understand the risks and help towards mitigating them.

Other important factors are known but cannot be reliably predicted: the geopolitical power balance, the strength of the influence of supranational organizations and institutions, or the power of the civil society play an important role when assessing the risk of societal collapse. The authors acknowledge that these factors – as well as other drivers such as cultural, religious or historical developments – should be considered in a comprehensive assessment but go beyond the scope of this article.

5.2. Key questions

Starting from the above definitions, the key questions when looking at the resilience of our current societies are (i) how much flexibility do we have left, and (ii) how can we carry on from today.

It seems particularly with regards to global energy needs that whatever coping capacity is left on our planet (e.g. shale gas or nuclear fusion energy) will either be exhausted very soon or contribute to a further acceleration of the negative effects. Therefore, unless we can decouple growth from the use of resources, we are heading for, at worst, a crash, or at best an unpleasant downward spiral, even though currently the slope is still pointing up. Ehrlich [49] concludes that our modern society has a different risk of collapse than former societies which collapsed locally or regionally only. He claims that complex, multi-level systems may be better able to cope with complex, multi-level problems, but we fear that this statement only holds up to a point where the complexity of systems itself becomes an additional risk.

Carrying on from today is even more difficult. Our short-term thinking often limits our vision to the next few years, and although we could still change course, we rather exercise ourselves in denial and promises of continuous and never-ending growth, missing the point that even the growth we are experiencing today is more and more unfair and therefore already eroding our social solidarity and, as a consequence, our resilience. Diamond [50] has analyzed the differences between today's dangers and the dangers that past societies faced, and identified twelve main problems specific to the world of today, including inequality. He also researched why many of the formerly ruling societies failed to recognize that big problems were looming up before they fell, and concludes that this reflex of denial has not changed over the centuries.

We enjoy the speed and acceleration – but can we distinguish between the thrust of the engine and the free fall as we go over the cliff? Currently we simply try to outperform each other on speed, and leave it at that.

The interconnectedness, complexity and acceleration of our modern society have brought us to the limits of exponential growth and have simultaneously exhausted the resources of the planet in several dimensions, weakening our resilience. To capitalize on what is left of it, a major rethink in society is required. In a fierce global competition such reconsideration will clearly not happen on its own, but needs to be accomplished by the right incentives to avoid unnecessary interconnectedness, reduce systemic complexity and slow down an acceleration that cannot be maintained forever anyway.

But how can we achieve this? Key elements for accomplishing this challenge will be decoupling growth from consumption, introducing more fairness into the system and identifying and

mastering risk. Especially this last requires a better understanding of risk in our complex systems, especially if there is a risk of major systemic failure. In addition, we need to prevent the transfer of systemic risk to less knowledgeable stakeholders (the general public, the taxpayer, etc.) not connected with the original transaction in which the risk was created.

5.3. Suggestions for a way ahead

We therefore suggest three initiatives to lay the ground for an economy and society aiming at sustainable wealth rather than chasing for unrealistic never-ending growth, turning from a continued depletion of resources to a resilient continuum. The initiatives are not meant to suffocate or kill the economy but to move it rapidly from a destructive and short-term mode to a long-term healthy equilibrium. This might sound ambitious, and might be perceived as threatening by the *homo economicus* of our modern days, but any profit-oriented activity has long had to consider political side constraints, and moving the incentives to different objectives will only regulate markets in the desired direction, not abolish them or move to socialism.

History shows that with the right incentives a single human generation is sufficient not only to turn the mindset of modern society but also to create a highly competitive technology position in the markets. Between 1970 and 2000, environmental thinking in Europe and in the US was fostered by regulators, civil society and industry altogether, and created new markets and green growth to the benefit of nature.

Another example, still ongoing, is the global effort on CO_2-reduction and climate change agreements, which started roughly 15 years ago and has made significant progress with the COP21 agreement of 2015.

Science will have to play an important role in this respect, and a number of international initiatives with scientific involvement have already been started in the related area of sustainability. The International Council for Science (ICSU), UN agency partners and other non-governmental organizations including the International Social Sciences Council, Sustainable Development Solutions Network and Science and Technology in Society Forum, with the World Business Council for Sustainable Development (WBCSD) as an observer, have created a new global research program *Future Earth: Research for Global Sustainability* [51]. The goal is to provide the knowledge required for societies in the world to face risks posed by global environmental change and to seize opportunities in a transition to global sustainability.

The *Integrated Research on Disaster Risk Programme* (IRDR) [52] (focusing on 'natural' hazards) is another approach to research on disaster risk through an international, multidisciplinary (natural, health, engineering and social sciences) collaborative programme. The Program has created IRDR International Centres of Excellence such as one on Vulnerability and Resilience Metrics and another on Disaster Resilient Homes, Buildings and Public Infrastructure.

Another newly-started research programme, recognizing the importance of the urban scene and health is *Urban Health and Wellbeing* [53], which is an interdisciplinary research effort whose overall aim is to generate policy-relevant knowledge that will improve health status, reduce health inequalities and enhance the well-being of urban dwellers. It will focus on systems approaches to address the complexity of urban issues and their influence on health.

The International Council for Science is working with UN agencies to bring together the science from these three international research programs in an integrated way to provide advice to the Climate Convention, the Sendai Agreement, the Sustainable Development Goals and other international issues.

The next thirty years should be sufficient time to instill a sustainability and resilience philosophy into policies, civil society and the economy – turning from unfair growth to healthy growth. The start of any such initiative could even bring direct economic benefits: The World Business Council for Sustainable Development identified significant business opportunities in sustainability, and underlines the importance of being first in the green race [54], and first business models in creating a sustainable future have already emerged [55]. This means we have arrived at a point where *not acting* might make us fall behind. With the right political, economic and societal incentives, resilience will pay off, whereby it will no longer be economically viable to go for extreme risks (as the consequences could not be passed on to others).

The following three suggestions by the authors are meant to support a sustainable and resilient society, and are derived from the analysis above:

(1) Cut down interdependencies by putting incentives to *avoid* business models which

- create unnecessary global interdependencies,
- do not create local jobs (or no jobs at all),
- force people to move,
- limit customer choices and flexibility without a need,
- exploit the weakest parts of society.

(2) Reduce complexity by putting incentives to *avoid* business models which

- create unnecessarily complex procedures,
- transfer risk into remote places, to the taxpayer, or to less knowledgeable parties
- gamble on rights not being enforceable,
- exploit taxation loopholes or taxation enforcement weaknesses.

(3) Stop the acceleration of interconnectivity and complexity by putting strong economic incentives for simple business models creating local or community benefit.

Research can make a major contribution to setting the right incentives, as nowadays many traditional concepts are not fit for purpose, and new ways of measuring resilience, fairness and sustainability need to be established. We therefore suggest developing a scientifically solid measure for fair GDP (FGDP) as an internationally acknowledged benchmark for growth to avoid extreme inequality and tension in societies. In addition, initiatives to measure resilience of societies in their multidimensional facets, trying to identify drivers of fragility as well as tipping points for slowly increasing instability, are recommended.

6. Conclusion

The world has come to an unprecedented status of interconnectedness and complexity, both growing at an enormous speed, and it urgently requires a transition from short-term thinking to sustainable resilience. Such a change needs to be triggered by the right political, economic and societal incentives. There are clear ways ahead, but they need to be accompanied by organized support from the stakeholder groups involved.

It will require a joint effort of public authorities, civil society, industry, and academia to lead the global transition towards a resilient society, offering fair long-term growth in a healthy and sustainable societal equilibrium.

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