

Contents

1	Introduction—Have We Opened Pandora’s Box?	1
1.1	Global Financial, Economic and Public Spending Crisis	1
1.2	Need of a “Knowledge Accelerator”	3
1.3	We are Experiencing a Digital Revolution	4
1.4	Threats to the Average Citizen	5
1.5	Threats so Big that One Cannot Even Talk About Them	6
1.6	Are we Entering an Age of Discrimination?	7
1.7	Threats to Companies	8
1.8	Political and Societal Risks	9
1.9	Are the Secret Services Democratically well Controlled?	10
1.10	What Kind of Society are we Heading to?	11
1.11	“Big Governments” Fueled by “Big Data”	13
1.12	We Must Move Beyond September 11	14
1.13	What Needs to be Done	15
1.14	A Better Future, Based on Self-Regulation	17
	References	18
2	Lost Robustness	27
2.1	Understanding Complex Systems	28
2.2	Criticality and Lack of Transparency	30
2.3	Acceleration and De-Compartmentalization	33

2.4	Systemic Stability and Trust	34
2.5	Utilizing Control Features of Complex Systems	36
2.6	Author Information	37

3

How and Why Our Conventional Economic Thinking Causes Global Crises 39

3.1	“More Networking Is Good and Reduces Risks”	40
3.2	“The Economy Tends Towards an Equilibrium State”	41
3.3	“Individuals and Companies Decide Rationally”	42
3.4	“Selfish Behavior Optimizes the Systemic Performance and Benefits Everyone”	43
3.5	“Financial Markets Are Efficient”	44
3.6	“More Information and Financial Innovations Are Good”	45
3.7	“More Liquidity Is Better”	46
3.8	“All Agents can Be Treated as if Acting the Same Way”	46
3.9	“Regulation can Fix the Imperfections of Economic Systems”	47
3.10	“Moral Behavior Is Good for Others, but Bad for Oneself”	48
3.11	Summary	49
	Further Reading	51

4

“Networked Minds” Require a Fundamentally New Kind of Economics 53

4.1	Evolution of “Friendliness”	54
4.2	Networked Minds Create a Cooperative Human Species	55
4.3	A Participatory Kind of Economy	55

5

A New Kind of Economy is Born—Social Decision-Makers Beat the “Homo Economicus” 57

5.1	Outdated Theory, Outdated Institutions	59
5.2	New Institutions for a Global Information Society	60

5.3	Benefits of a Self-Regulating Economy	61
5.4	Economics 2.0: Emergence of a Participatory Market Society	63
	References	64
	Further Reading	64
6	Global Networks Must be Redesigned	67
6.1	Living in a Hyperconnected World	68
6.2	Our Intuition of Systemic Risks is Misleading	68
6.3	A Global Ticking Time Bomb?	69
6.4	Global Networks Must be Redesigned	71
6.5	Coming Era of Social Innovation	72
6.6	Creating and Protecting Social Capital	73
7	Big Data—A Powerful New Resource for the Twenty-first Century	75
7.1	Data Sets Bigger than the Largest Library	76
7.2	What Do Applications Look Like?	77
7.3	The Potentials Are Great...	78
7.4	... but also the Implicit Risks	79
7.5	The Digital Revolution Creates an Urgency to Act .	79
7.6	Europe can Become a Motor of Innovation for the Digital Era	80
	References	81
8	Google as God? Opportunities and Risks of the Information Age	83
8.1	Introduction	83
8.2	Gold Rush for the Twenty-first Century Oil	84
8.3	Humans Controlled by Computers?	85
8.4	Is Privacy Still Needed?	85
8.5	Information Overload	85
8.6	The Knowledge-Is-Power Society	86
8.7	A New World Order Based on Information?	86
8.8	Privacy and Socio-Diversity Need Protection	87
8.9	An Alternative Vision of the Information Age	88

8.10	The Democratic, Participatory Market Society	89
8.11	The Benefit of Opening Data to All	90
8.12	A New Paradigm to Manage Complexity	90
8.13	Loss of Control due to a Wrong Way of Thinking	91
8.14	Decisions Needed to Use Opportunities and Avoid Risks	92
	Further Reading	92
9	From Technology-Driven Society to Socially Oriented Technology: The Future of Information Society—Alternatives to Surveillance	95
	Appendix: Why Mass Surveillance Does Not Work	100
	Further Reading	102
10	Big Data Society: Age of Reputation or Age of Discrimination?	103
10.1	Information Box: How to Define Quality Standards for Data Mining	111
	References	113
11	Big Data, Privacy, and Trusted Web: What Needs to Be Done	115
11.1	Ethical and Policy Issues Related with Socio-Economic Data Mining	115
11.1.1	A Source-Based Taxonomy of Available Personal Information	116
11.1.2	Why Would the Honest be Interested to Hide?	121
11.1.3	Cyber-Risks and Trust	130
11.1.4	Current and Future Threats to Privacy	131
11.1.5	Additional Ethical Concerns	135
11.1.6	How to Address Ethical Issues in Large-Scale Social Data Mining	136
11.2	Towards Privacy-Preserving Data Analyses	137
11.2.1	Deliberate Participation	138
11.2.2	Anonymization and Randomization	139

11.2.3	Coarse-Graining, Hierarchical Sampling, and Recommender Systems	141
11.2.4	Multiplayer Online Games, Pseudonyms, and Virtual Identities	144
11.2.5	Anonymous Lab Experiments	146
11.3	Concept of a Future, Self-organizing and Trusted Web	149
11.3.1	Data Format	149
11.3.2	Intellectual Property Rights	152
11.3.3	Trust Management	153
11.3.4	Microcredits and Micropayments	156
11.3.5	Transparent Terms of Service	157
11.3.6	Privacy-Respecting Social Networks	159
11.3.7	Summary	160
11.4	Recommended Legal Regulations	160
11.5	Recommended Infrastructures and Institutions	165
11.6	Summary	166
	References	168
	Further Reading	175

12 What the Digital Revolution Means for Us 177

12.1	Big Data: A magic Wand. But do we know How to Use it?	177
12.2	What Is the Next Big Thing After Big Data?	178
12.3	A New Kind of Economy is Born	182
12.4	The New Algebra of Prosperity and Leadership	184
12.5	What Does it Take to Master Our Future?	185

13 Creating (“Making”) a Planetary Nervous System as Citizen Web 189

13.1	What are the Benefits of Having an “Internet of Things”?	190
13.2	Basic Elements of the Planetary Nervous System	191
13.3	Creating a Public Good, and Business and Non-Profit Opportunities for Everyone by Maximum Openness, Transparency, and Participation	192
13.4	The Role of Citizen Science	193