

Investments for Governance: Better Models of Downside Risks

By Llyod Etheredge¹

The first job of a system of global governance is to prevent catastrophe: As an investment in governance the World Academy ought to identify (systematically) and improve (as necessary) models to identify, monitor, predict, and organize resources to prevent catastrophic global costs.

Six Areas of Possible Breakdowns

Here are examples from six areas. In each, the world needs better forecasting models, better measurement systems, and a strengthened capacity to develop intelligent strategic plans and organize resources in response to emerging threats.

1.) Environmental Threats

Rockman *et al* have discussed scientific hypotheses concerning "nine scenarios for imminent apocalypse." Their work illustrates the problem of environmental threats that are below the level of public awareness, discussion, and effective policy development ("Planetary Boundaries: Exploring the Safe Operating Space for Humanity").² These are the kinds of threats that any responsible system for international governance needs to evaluate, monitor, and take appropriate steps to address. It is unacceptable and risky to require advocates to repeat the many decades of extraordinary work to achieve reliable scientific understanding and political progress concerning just one threat, global warming.

2.) Nuclear Weapons

Progress to eliminate nuclear weapons will require institutionalized motivation and support, sustained leadership, good theories of how to produce such historic results, and learning. Success may require a long-term project, but it is worthwhile: the use of nuclear weapons and nuclear fallout would impose horrendous costs.

3.) Pandemics and Other Health Risks

The future of new and emerging, re-emerging, and mutating infectious diseases needs to be modeled and monitored, with appropriate capacities for early detection and (surge) vaccine development on a global scale. The Spanish Flu of 1918 killed one in five of the people affected. Annual mutations and breakthroughs against existing human defenses require annual revisions and re-vaccination to limit routine flu infections. Major and more deadly viral breakthroughs against human defenses - spread quickly and globally by air travel or silently (as HIV/AIDS spread for many years) - are viewed by many public health professionals as statistically predictable. At this point, only a minority of the world's seven billion people seems likely to be protected against a major, global pandemic.

Here is another dimension of international public health where predictive models are needed for responsible governance: If it decides to do so, how long would it take the illegal drug industry (in the age of neuroscience, precision medicine, and targeted pharmaceuticals) to introduce new, global drugs that are more addictive, socially destructive, and profitable?³

4.) Global Financial Instability

The recent global financial crisis and its continuing costs arose, in part, because of unexpected asymmetries of brainpower and wealth that allowed non-government actors to outsmart and neutralize government regulation and pursue their own wealth, on a national and global scale, without a sense of ethical responsibility. Even before the recent crisis -from the late 1970s through 2003 the world had (according to IMF data) 117 systemic banking crises in 93 nations in which much or all of the capital in the system was exhausted. Predators

privatized gains during the upside of financial bubbles and the cleanup costs were shifted to taxpayers: in 27 of the earlier crises taxpayers were stuck with added public debt equal to, or greater than, 10% of GDP, often much more.⁴

If this emerging system-level behavior has become a game and *modus operandi* - i.e., rather than a mere history of mistakes and miscalculations by the private sector -the implications should be alarming. Does a global governance process have enough intellectual and strategic capacity, and sustainable political independence, to play in this league, outsmart opponents, and win the next round? At this point, perhaps not.

5.) The Erosion of Democratic Government and Human Rights

The late Daniel P. Moynihan drew a historical lesson: secrecy, because it increases and preserves power, becomes an addictive drug for governments.⁵ A new challenge for democratic oversight, accountability, and human rights arises from the combination of security-state secrecy and new surveillance technologies. Governments, including many democratic governments, have the resources to spend extraordinary sums (\$52.6+ billion/year for the United States government alone)⁶ for secret surveillance on a global scale.

The countervailing, system-level institutions to preserve democratic accountability, and assure human rights against abuses by newly-empowered governments, may be weaker than they should be. Globally, only a very few private newspapers in a few countries, aided by unique whistle blowers, may have the independent capacity and leadership to serve democratic accountability and reliably investigate the growing classified empires and possible misuse arising from shifts in the *de facto* balance of power.

- History suggests that, once created, secret and expanded government capacities also can be applied against disruptive, or potentially disruptive, groups and individuals on a wider scale.
- One of Moynihan's stark warnings was that secret decisions, or decisions based on secret information, are at higher risk of being bad decisions.
- There are likely to be other, and growing, threats to government accountability and democratic performance that should be identified, modeled, and monitored with early warning systems able to organize corrective action. A broadly worrisome area is the influence of wealth in manipulating and blocking democratic decisions. Also: a free press is not enough
- another worrisome area is the changing economics of print journalism and possibly diminishing resources for most public investigative reporting in all countries.

6.) The Unexpected Loss of Power in Complex, Adaptive Systems

We are entering a changing world, of seven billion people, that is a complex (sometimes) adaptive system composed of complex (also, only sometimes adaptive) subsystems. The assumption that the G-8 and G-20 and other global subsystems will continue to work as a result of natural forces of history, and that they can be strengthened, needs rigorous and thoughtful analysis.

[The Harvard historian Niall Ferguson, writing in Foreign Affairs (2010), warned of the possibilities that large and impressive complex systems may suddenly collapse into chaos, even to the surprise of leaders of these systems. His perception was that the unraveling of the Ming dynasty took little more than a decade. The Roman Empire's final collapse was within the span of a generation. The Soviet Union's collapse took less than five years.]⁷ International alliance structures typically are created and held together by common enemies and threats to security [so-called "soft power" has played a secondary role]: the Cold War, the new War on terrorism and political extremism, the global financial crisis. Thus: Could the power of the G-8 and G-20 systems, and their leadership structure, be a temporary artifact?

Without a deeper analysis of causal forces, and requirements for the organization of progress, "global governance" can become a more hollow phrase.

References:

1. Prepared for a project of the World Academy of Art & Science concerning new paradigms and global governance. Dr. Lloyd Etheredge is a Project Director at the Policy Sciences Center, Inc., a public foundation. URL: <http://www.policyscience.net>. Comments are welcome. Contact: lloyd.etheredge@policyscience.net and (301)-365-5241. I am indebted to Lynn Etheredge for discussion of these ideas.
2. The article, from *Ecology and Society* (14:2), 32, 2009 is online at <http://www.ecologyandsociety.org/vol14/iss2/art32/> and also at www.policyscience.net at II. D., included in memorandum 128 for the Fischhoff Commission on behavioral science and national intelligence.
3. The threat to public health from contamination in the global food chain is another example of downside risk that should be addressed by reliable monitoring, forecasting, and policy development models. At this point, it is possible that only some wealthy countries have the resources and expertise to monitor and anticipate threats and protect their populations.
4. Martin Wolf, *Fixing Global Finance* (Baltimore, MD: Johns Hopkins University Press, 2008), pp. 32-33.
5. *Secrecy: The American Experience* (New Haven: Yale University Press, 1999).
6. See <http://www.washingtonpost.com/wp-srv/speciaVnationaleVblack-budget/> and a series of related articles in the Washington Post beginning in late August, 2013.
7. "Complexity and Collapse: Empires on the Verge of Chaos," *Foreign Affairs* (March-April 2010), online at www.foreignaffairs.com