Interaction of Social and Economic Risk

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Occupy Movement

Arab Spring

Food riots in North Africa

London riots

Workers’ protests in China

Clashes over anti-Islam film
1. What is the risk?

- Risk is the increase of social unrest, decreasing social cohesion and political instability within a given society. The risk manifests in different hazards (e.g. high youth unemployment, large income disparity, etc.)

- Affected:
  - Societies as an entity and all individuals
  - Socially marginalized and poorer strata of population
  - Governments
2. Relevant contributing factors

- Social dynamics, e.g. income inequality
- Lack of access to public goods and services
- Corrupt government practices
- Conflict about interests, norms, values, e.g. governments focusing on GDP whereas public perception focusing on ‘soft’ factors
- Loss of safety margins (more interconnectedness between social / economic systems)
- Positive feedback loop on social issues through social media
3. 8 points for enhancing the capacity of organisations to deal with uncertainty and emerging issues

1. Striving for integration
   - A) among different impacts
     - Systemic analysis is important, see Arab Spring
   - B) among and between departments
     - Executive offices, advisory committees, ministries with coordinating portfolio, etc.
     - Singapore: Risk Assessment and Horizon Scanning (RAHS), Centre for Strategic Futures (CSF)
   - C) among and between public and private entities
3. 8 points for enhancing the capacity of organisations to deal with uncertainty and emerging issues

2. Prioritising risks

- Singapore: prioritisation of economic growth might have shifted the focus from looking at growing demands for participation, inequality issues, etc.
- Difficulty in identifying causes and consequences, important to look beyond institutional knowledge and structure, key role for coordinating institution
3. 8 points for enhancing the capacity of organisations to deal with uncertainty and emerging issues

3. Ascertaining accountability in all phases
- Depending on national and cultural context
- “blame game” likely in situations of unrest
- Governments responsible for providing social security of citizens
3. 8 points for enhancing the capacity of organisations to deal with uncertainty and emerging issues

4. Ensuring flexibility and adaptability
   - Coordinating organisations have to enable and enforce feedback loops and monitoring mechanisms
   - Combine long-term planning with regular reviews and readiness to adjust on the way, avoid following paradigms
5. Creating transparency

- Transparency depends on political context
- In situations of social unrest, transparency will not be a priority
3. 8 points for enhancing the capacity of organisations to deal with uncertainty and emerging issues

6. Fostering inclusion
   - Actors are loosely connected
   - Create an incentive structure for inclusion
   - Inclusion has to begin at an early stage
3. 8 points for enhancing the capacity of organisations to deal with uncertainty and emerging issues

7. Providing convincing methods and procedures
   - Coordinating organisations play a leading role
   - Methods and procedures often subject of political debate
3. 8 points for enhancing the capacity of organisations to deal with uncertainty and emerging issues

8. Determining the right timing

- Extremely difficult for rapidly emerging risks and events
- List of suggested indicators for better determination of action points
Suggested indicators

- Income inequality (measured by Gini coefficient)
- (Youth) unemployment rates
- Prices in critical sectors
- Access to public health services
- Extent of Social Security System/Net
- Bureaucratic burden
- Quality of participatory processes
- Social media amplification
- Frequency and intensity of protests
- Non-business bankruptcy filings
- Rate of divorce
- Average commuting times
- Total number of hours worked
- Median house prices
Interactions of social and economic issues pose a risk that allows new risks to emerge (systemic risks).

The interactions of various social and economic risks are very complex and cannot be tracked by individual indicators.

Frameworks for monitoring emerging risks need to reach across departments/ministries despite the need for one entity to own one particular risk.

Major difficulty to achieve changes in the short term
5. Guidance for future work

- Lessons from achievements in monitoring slow-moving traditional risks are not applicable.
- Data on social risks is not widely available (large uncertainty remains and significant amount of creativity is required to devise indicators)
- Practical lessons from successes of translating sentiment analysis into policy implementation are not available yet