

Interaction of Social and Economic Risk

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Arab Spring

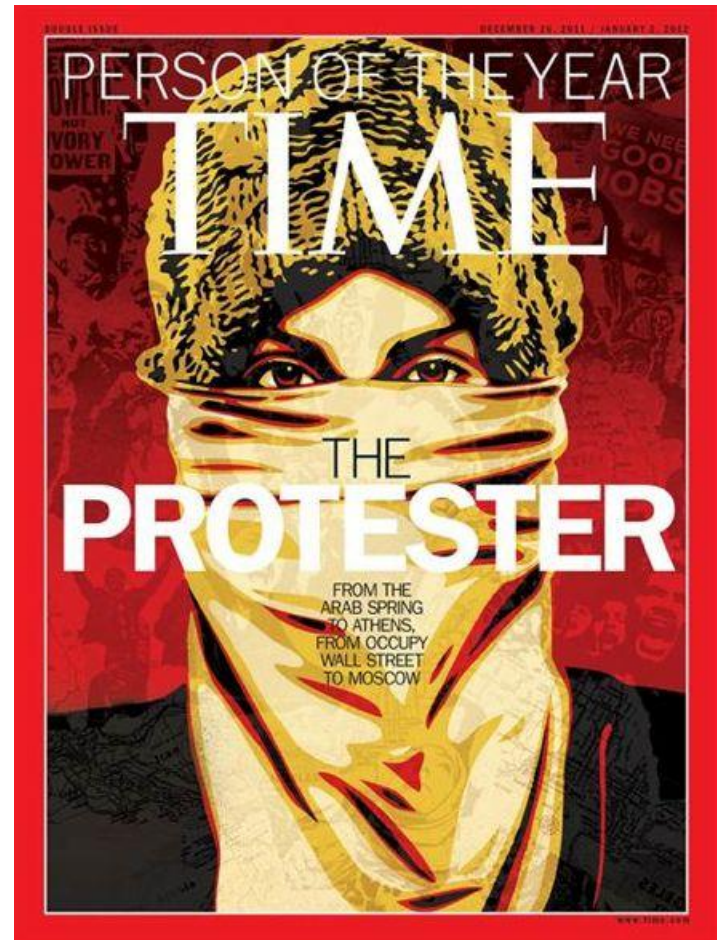
Food riots in North Africa

Occupy Movement

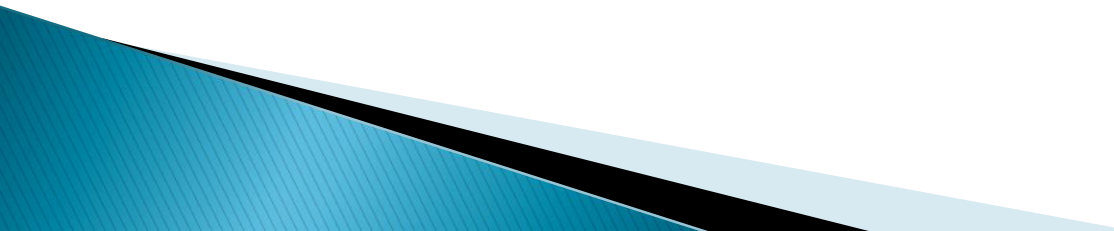
London riots

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
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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
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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

3. 8 points for enhancing the capacity of organisations to deal with uncertainty and emerging issues

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

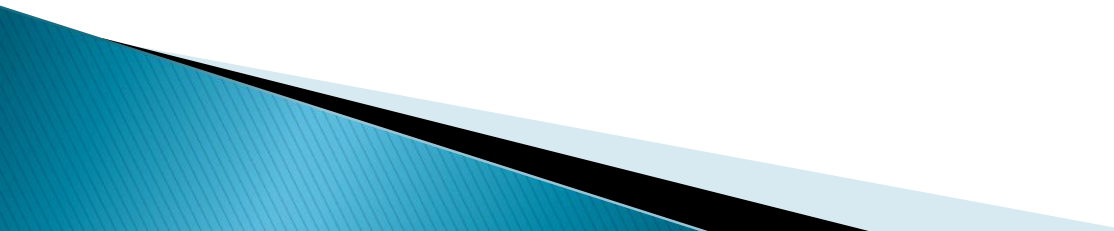
3. 8 points for enhancing the capacity of organisations to deal with uncertainty and emerging issues

7. Providing convincing methods and procedures

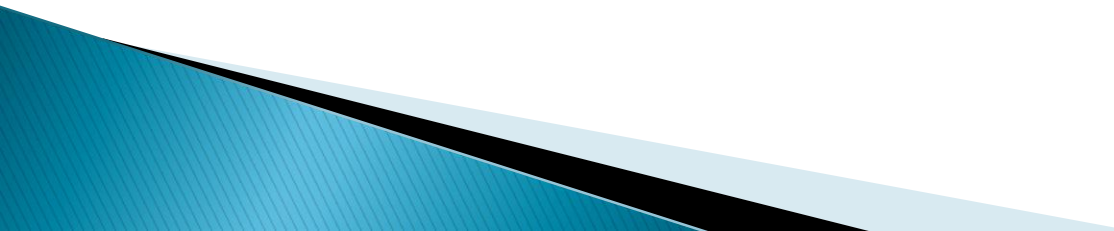
- ▶ Coordinating organisations play a leading role
- ▶ Methods and procedures often subject of political debate

3. 8 points for enhancing the capacity of organisations to deal with uncertainty and emerging issues

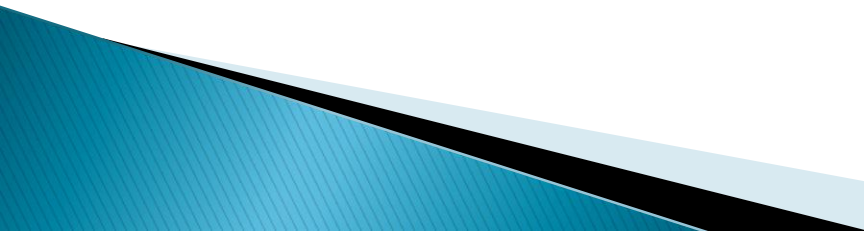
8. Determining the right timing

- ▶ Extremely difficult for rapidly emerging risks and events
 - ▶ List of suggested indicators for better determination of action points
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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
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4. Lessons learned

- ▶ 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
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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
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