

Time for a Total Reset? Spillover Problems in Complex Systems

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What is the nature of the policy problem we face?

“All happy families are the same, but each unhappy family is unhappy in its own way” : Tolstoy

- Many objectives: sustainable, inclusive growth in a free society
- Requires well functioning economic, environmental, public health and political systems.
- Each of these complex, adaptive systems is under severe stress.
- And problems in any one system could spillover into others.
- Time for a total reset?

What complicates the search for policy solutions?

“It ain’t the things you don’t know what gets you, It’s the things you know for sure which aint so” : Mark Twain

- What *should* we do? The problems of ignorance, tradeoffs and spillovers.
- What *could* we do? The problem of power being inadequately allocated.
- What *would* we do? The problem of shortsightedness and inadequate leadership.
- So the fallback solution becomes “more of the same”.

Searching for a way forward, regardless

“Politics is not the art of the possible. It is choosing between the unpalatable and the disastrous”:
J K Galbraith

- Be clear about *why* we are on a bad path and need to exit.
- Be clear about *where* we want to go.
- Make *specific* policy recommendations to get “there” from “here”.
- Make change *happen*

Why we are on a bad path

“If I were you, I wouldn’t start from here”: Old Irish joke

- Economic/financial systems under stress, in part due to past policies.
- Environmental systems under stress, in part due to population growth
- Political systems threatened by inequality, marginalization and media
- And covid has made each problem worse.

And why it could get even worse

“There are things we know we know and there are things we know we don’t know. But there are things we don’t know we don’t know”: Donald Rumsfeld

- Reasons to expect slower economic growth and faster inflation.
- Environmental stress and “tipping points”.
- Political stress aggravated by effects of spillovers
- Pandemics likely to recur.
- “More of the same” macro policies increasingly counterproductive.

Where do we want to go?

“If you don’t know where you’re going, you’re going to wind up somewhere else”: Tom Peters

- Salient features of an “achievable” economic and financial system.
- Salient features of an “achievable” environmental system.
- Salient features of an “achievable” political system.
- Salient features of an “achievable” public health system.

How to get “there” from here

“When you come to a crossroad, take it” : Yogi Berra

- Need a paradigm change embracing “complexity” and spillovers.
- Economic progress requires debt restructuring and more competition.
- Environmental reforms require both regulation and market incentives.
- Restoring trust in government needs more inclusion/less lobbying.
- Ending costly “social distancing” is required for post covid recovery.

How to make change happen

*“Of course we know what to do. What we don’t know is how to get re elected after we do it”
J P Juncker*

- Convincing the general public there are no easy answers.
- Convincing the powerful that change is in their own interest.
- Convincing politicians in democracies to lead again.
- Overcoming suspicions to promote international cooperation.

GOOD LUCK: WE ALL MIGHT NEED IT