

If you ask me...

HISTORY IS ALWAYS BEING MADE

Our stateside columnist Annie Searle reflects on recent political events, what they mean for the regulatory and risk management landscape – and for life as we know it



Annie Searle

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For many of us, the past 50 or so years have looked like slow but steady progress under both US political parties on issues such as life, liberty, equality and the pursuit of happiness. Another way to measure that progress is to note that no new US constitutional amendments have been offered in the past 24 years. In the past five years, technology's advances have meant that citizens have become reporters – and sometimes recorders – of social injustices that have yet to be resolved. Another phenomena called “false news” has become more prevalent due to the use of social media platforms. Come January, based upon president-elect Trump's statements and the cabinet level nominations he has made to date, it appears to me that Americans will be citizens of a **kakistocracy** (Greek: κακιστοκρατία; kækis' takrəsi) – which Oxford Dictionaries defines as “government by the least suitable or competent citizens of a state.” Though I am trying to keep an

open mind, it is hard to do so when many cabinet posts are being filled by former military generals or by private sector persons with either no record of public service, or with an attitude that foreshadows dismantling a range of government programmes.

We have yet to understand just where the nominee for treasury secretary will fall. Like several secretaries who precede him, Steve Mnuchin is a former Goldman Sachs partner, currently chief executive of Dune Capital Management, a privately owned hedge fund. According to the *New York Times*, he “was involved deeply in developing the president-elect's tax proposals, which could deliver as much as US\$6tn in tax reductions over 10 years, but might also contribute to much larger budget deficits. As treasury secretary, he would take a lead role in developing policies aimed at boosting the country's economic growth.” Mnuchin may also be remembered as the guy who put together a group of investors to purchase IndyMac in 2009 in a

deal with the Federal Deposit Insurance Corporation (FDIC). The group renamed the bank and proceeded to foreclose on roughly 30,000 homeowners. Whether he will have the patience to listen to the large banks, to understand if they really do want to roll back Dodd-Frank regulations given the investments they have made to reduce the risk of failing, will be an early indicator of what we might see in the way of actual policy. Fortunately, the Treasury Department is stocked with career professionals who have served under both Republicans and Democrats. Let us hope they will stay in their jobs.

At stake in the government's relationship with the private sector are such fundamental principles as that of separation of powers, of separation between church and state, the role of a free press, the First Amendment rights to free speech and freedom to worship (which includes all worship, including that of Muslims); and the Fourth Amendment requirements for probable cause and use of a

warrant to search a citizen.

Somewhat moderating such risks are the heavy weight of bureaucracy and the difficulty of enacting actual change at the federal government level, as well as the system of checks and balances that has existed in this country since its inception, a system one hopes will hold up on issues such as the US Army Corps of Engineers' recent denial of an easement to allow a pipeline to be constructed half a mile from the reservation of the Standing Rock Sioux, whose members are concerned that a pipeline breach could threaten their drinking water and sacred Native American sites. President-elect Trump has indicated he will want to review that decision, so it is entirely possible that a reversal of that decision by Trump will end up in front of federal courts – which is why most of the Native Americans and the several thousand US veterans who have arrived to protect them will probably stay in place for several more months, despite horrible weather conditions.

At a federal policy level, emerging risks include the elimination of current executive orders on the first day of the new president's term; a gutting of the role of the Department of Justice's consent orders with local police departments in existence in cities that needed them; the repeal of the current federal health insurance programme; and similar gutting of other cabinet roles where it is felt that the government has over-reached. Certainly there will be a move to appoint a Supreme Court justice quickly, with an eye to throwing out some of our most important protections for women's right to choose.

Through all of this we see that the impact of all these actions will fall most heavily on our most disenfranchised and profiled members: immigrants, Muslims (or those who look like they are Muslims), the LGBTQ community and other minorities such as Native Americans and African Americans. It will almost certainly be the case that the national security and surveillance apparatus first implemented after 9/11, since strengthened and enhanced by the current administration, will grow substantially, targeting those I've already identified.

The lesson for Americans in this past election should be that so many of our citizens, 80-90 million of them, decided not to exercise their right to vote, for a variety of reasons, or perhaps for no reason at all. That's a risk we can't afford to take again. If nothing else, effective risk management must include a return to educating each citizen about her/his right to vote; and a better understanding of what government can or can't fix. **TRU**

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