Volume 2, Issue 5

OCTAVIAN REPORT

AFTER TRUMP, WHAT?

BY **DEE SMITH**

Digital tech brings people widely separated by geography together. That is powerful, but as we have seen this election season, it can also be dangerous. It is hard to imagine the rise and political success of Donald Trump, a lifelong Democrat who captured the national machinery of the GOP and the presidential nomination, without that ability to instantly connect. Here, risk expert Dee Smith games out the dangers our new, hyperconnected world presents on the political front.

By the time you read this, the U.S. presidential election may well have been decided. As this piece went to press, all available polling suggested a likely victory for Hillary Clinton over Donald Trump.

But while this may have occasioned many sighs of relief over the prospect of a possible autocratic demagogue being denied the most powerful office in the world, any such sighs are premature. Despots and demagogues have appeared thoughout history but — we have believed — they could never reach shooting distance of the highest office in America. Why has one appeared now, and what does this mean? The problems that brought us Trump are not going anywhere, and we have just as much reason — if not more — to think of them as a burgeoning macro risk.

As the new Nobel laureate Bob Dylan once said, the times they are a-changin' — but they are now changing with a velocity that seems to redouble every few months and in directions that are far from salutary. The established global political order of the late 20th century is dissolving at a frightening pace. Escalating social tension within societies is matched by ratcheting geopolitical stresses among nation-states and by the entry of non-state entities as serious players. In the Middle East, for example, multi-ethnic and multi-religious states are collapsing, both Shia-Sunni and Persian-Arab rivalries are back with a vengeance, and organizations such as ISIS exploit the weaknesses of incumbent regimes. South and East Asia display increasingly bellicose ethno-nationalistic and nativist trends, and in the West, opposition to immigration, resistance to the globalizing trends of the last century, and fear of the "other" have already resulted in Brexit, with Frexit and Swexit and who knows what else in the wings.

In the U.S., racial tension and political and economic division are rising dramatically, and the Right and Left are trending farther in their respective directions with a new populist anger most visibly expressed and exploited by Trump, with Bernie Sanders a close second.

Worse still: not only is instability increasing, but predictability is decreasing. In fact, my investigation into this topic was spurred on by a question posed to me two years ago by the CEO of an insurance company about why their predictive models

were declining so markedly in accuracy. That inaccuracy infected our political prognosticators like a contagion in 2016.

Pundits and wonks are busy producing vast amounts of analysis, much of which seems a regurgitation of past pet theories and assumptions that have been given new clothing in the hope of ensuring a contemporary relevance. Meanwhile, governments are recycling economic and social ideas more than a century old, which may have had some applicability in the past but now seem irrelevant to the challenges that confront us.

We seem to be in the middle of a perfect storm of instability and uncontrollable, unpredictable change, without any answers that work. Why?

In a word: hyperconnectivity. That is, the proliferation of technology that allows us to be instantly in touch with anyone, anywhere. Consider just one example: mobile phones. Of the seven billion people in the world, current estimates are that as many as 4.8 billion own a mobile phone. By comparison, only 4.2 billion own a toothbrush. Each of those 4.8 billion phones could, at least in theory, call or text any other phone. This means 23,400,000,000,000 potential connections. Cut the number of phones in half. You still have almost six trillion potential connections that — and this is the key point — did not exist 30 years ago.

Among the manifold effects of this transformation, the out-of-nowhere appearance of political insurgencies such as Trump — and the near-instant assemblage of a constituency to back them — has burst into our collective attention. And that's largely due to the fact that hyperconnectivity has exposed a key myth that underlies almost all structures of human organization on earth: the illusion that our leaders are somehow better than the mass of us, and therefore deserve to be followed. This concept has been encoded in human society since the first paramount chiefdoms arose more than 10,000 years ago. It can be seen, for example, in the prohibitions on touching the sovereign that were ubiquitous in the past and still hold sway in many countries.

The transparency afforded by the hyperconnectivity revolution has undermined leadership, and broadly exposed the fact that leaders are exactly like the rest of us, just with very good salesmanship and a high ability to motivate — or manipulate — others. Make no mistake: this is a crisis of faith.

The rise of Trump is a good exemplar of the erosion in faith in the incumbent political establishment and how this is being aided by other changes wrought by technology. The constant scrutiny afforded by hyperconnectivity makes it easier to jettison incumbent leaders, since their flaws are on display for all to see. The erosion of faith in the global, cosmopolitan, managerial, technocratic, meritocratic, multi-ethnic elite of the last several decades relates only indirectly to rising international tension and to the decline in that elite's ability to influence events globally in their favor. These certainly undermine the credibility of the established order, but in the U.S., the real issue at play is the decline in the lifestyles and security of large parts of the white U.S. working class, who find themselves out of jobs and feel excluded from opportunity. These are the people that the Republican Party in effect recruited from the Democrats in the middle decades of the 20th century with promises that never materialized.

Though it's been supercharged by the immediacy of technology, there's an old word for this: tribalism. The rising authoritarian leaders in the world are simply playing into this very deeply entrenched tribal need for group self-identity that is biologically (or socio-biologically, to be more precise) innate to humans. But the extent to which hyperconnectivity not only

enables but also encourages the creation of new tribes is perhaps the most epochal of the many transformations afforded by the hyperconnectivity revolution. A key element is that it enables the easy organization of individuals "horizontally"— across

space, even across the entire planet.

Witness the rise of Trump's motley constituency. Not only was it not contained in any previous political box, but he used the core hyperconnectivity phenomenon of social media and social networking to great effect and at very low cost to build his base of support. In fact, it built itself. Since essentially everyone in the U.S. now has ample access to social media, like-minded individuals can find one another, listen to one another (while excluding any dissenting viewpoints, the so-called "echo chamber" effect), influence one another, and galvanize themselves to act together. In the case of the 2016 election, they created a new, Trump-centric tribe, which is really less about Trump than it is about their own shared anger at feeling left behind by the system.

Failure to recognize the extent of disaffection of these individuals, and failure to understand the power of confirmation bias, of those "echo chambers", and of other self-reinforcing tendencies amplified by hyperconnectivity — and the concomitant ability to self-organize outside the control of any incumbent authority — contributed in large part to the Republican establishment being caught so far off guard by the rise of Trump and remaining so far behind the curve in resisting his ability to commandeer their party.

"Make no mistake, this problem does not end with the 2016 election."

—*Dee Smith*

The disaffection of those who feel squeezed by both the top and the bottom is not going to disappear. Within the U.S., Democrats should not feel immune. There are too many people within their ranks (at least putatively) who are just as disenfranchised, just as angry.

Indeed, detectable trends would indicate that the problem will probably get worse. And given the rise of automation and robotics, the decline in the value of unskilled labor is just going to increase, and with it, this mounting anger.

Nor is it just an American problem: witness the rise of similar groups in Europe, such as Marine Le Pen's National Front, and other nativist and what used to be called nationalistic movements worldwide. All of this reflects a widening dissatisfaction on the part of many with globalism, and the belief that it is only the global elite who have benefitted (this ignores of course the advantages of being able to purchase consumer goods like flat screen TVs for a few hundred dollars).

Our time is developing an isolationist, centrifugal zeitgeist, with each tribe for itself, which may become very difficult to defuse.

Is the question of economic globalization distinct from the globalization of ideas or cultural globalization? Can you have one without the other? And do both produce similar dichotomies? Looking at it as two sides of the same coin, the appeal of Trump, or Bernie Sanders — or Marine Le Pen for that matter — plays to the rejection by people on the far Left and far Right who feel they are being left out of the benefits of the experiment of globalization. The economic pain it inflicts is immediate, but the benefits diffuse. So the attractiveness of norm-bashing political insurgencies that rail against and even capture the machinery of the elite possesses a certain ugly logic.

Contrary to the beliefs of early exponents of the Information Age that more information would make us better informed and more tolerant, that has not happened.

The hyperconnectivity phenomenon has brought us to an age of discontinuity, dichotomies, and massive cognitive dissonance. Its very nature produces phenomena that move in opposite directions, and make prediction much more difficult. In many ways it is a failure of imagination that has allowed us to get to the present set of conditions.

We should at least not repeat that mistake. We should not assume there are certain "givens" that will always hold true. There is even evidence that the human brain is evolving fast, and human nature may to some extent change with it. Into what? We don't know.

But make no mistake, this problem does not end with the 2016 election. Trump was just the first possibly-viable instantiation. What we should be more concerned with — and possibly more frightened by — are his successors, be they on the Left, on the Right, or somewhere else we cannot yet see. The world that produced Trump will keep producing.

Dee Smith is the founder and CEO of Strategic Insight Group.