

We The People
Program 368 February 17, 2020
We the People 368 The Green Swan



Good Day to You. Remember the Danish author, Hans Christian Anderson. He lived in the 1800s and wrote many wonderful plays, stories, and fairy tales. I have fond memories of listening to the teacher in primary school read his fables including The Little Mermaid, The Snow Queen, Thumbelina, and of course the ***Ugly Duckling***. This was the story of mother duck who hatched a lone egg and was surprised to see an ugly duckling emerge. Poor little fellow was set upon and despised but after his second winter he happened to see his own reflection on the pond and he was no longer ugly but a beautiful graceful swan.

Now with today's offering lets explore the swan a little further. A fellow by the name of Nassim Taleb and his book on the impact of highly improbable if not impossible events and the human tendency to find simplistic explanations for these occurrences, retrospectively. Now in old Europe and specifically London it was universally believed all swans everywhere were white and so the saying of the day was.... ***"a good person is as rare as a black swan"***. The assumption was that black swans did not and could not exist. The assumption upended when, in 1697, real life black swans were discovered in Australia by Dutch explorer Willem de Vlamingh. The impossible had proved to be anything but. So Taleb called unexpected and near impossible events a ***'Black Swan'*** event, which turns everything upside down. I quite like this phrase as it reminds me of the ugly duckling story and the magnificent unexpected creature which ultimately appeared. Another way of looking at a Black Swan event is when something unexpected happens perhaps with matters we may be aware of and yet we don't know what to do next. Whether it's an event in our lives or the government or the environment we have no warning as such and its completely unexpected. This tests mankind and our morals and principles and it may test science and our own self awareness and the perceived truth itself. We should be aware of Black Swan possibilities and deal with them in our community and our lives and not be like the ostrich which, when in danger apparently puts its head in the sand.

Now let me introduce the ***Green Swan*** event. This refers to an unexpected occurrence due to catastrophic climate change and specifically how this might affect the worlds banking system. The hypotheses declares that with the disruption of global weather, unforeseen events will occur and we should strengthen the banking system accordingly. Like the Black Swan event what may transpire cannot be predicted or expected. In my view the arrogance here is obvious in that with a global disruption on a monumental scale the banker sees only the need to look after money, when in the long run, we the people may not even be here. Recently, the Bank for International Settlements (BIS) published its mantra on that theory. In a paper titled ***"The Green Swan"*** BIS warns climate change could unleash "potentially extremely financially disruptive events" that could trigger the next global financial crisis. To contain the fallout, the BIS is urging global co-ordination among central banks, including jettisoning backward looking risk assessments models that are not fit for gauging the far reaching consequences of climate disruptions.

Now in conclusion Taleb's book asserts that a "Black Swan" event depends on the observer. For example, what may be a Black Swan surprise for a turkey is not a Black Swan surprise for the butcher. Hence the objective should be to ***"avoid being the turkey"***, by identifying areas of vulnerability in order to ***"turn the Black Swans white"***. So there you have it. From Hans Christian Anderson to world bankers and all orbiting the majestic Swan. Lets remember here that the GC Mayor doesn't appear to like Black Swan lake or black swans for that matter and that his Council is not ready for a Green Swan event while building concrete edifices along the beach front. Let's acknowledge the fragility of mankind regarding Black Swan events and the pre-eminent danger for the Gold Coast.

Until next time this is Kent Bayley