

Securing the Global Economy

Today's global economy is built on a foundation of openness and mobility.

People can travel to far corners of the world. Goods are shipped across oceans. Money flows across borders electronically. Information moves instantly via the Internet. All these flows interconnect the far reaches of the global economy.

Openness and mobility are being exploited by bad actors.

The interconnectedness of the global economy creates new risks. Bad actors – rogue states, terrorists, organized crime, drug cartels – exploit the system's openness and anonymity. The system's core strengths – speed, efficiency, precision and predictability – also are sources of systemic risk and vulnerability that could jeopardize future economic growth.

There are four key challenges to creating security within the global economy.

These risks and vulnerabilities of a global economy are linked to both attacks on the system itself, as well as the capabilities of the system to support bad actors. The goals, therefore, are to create security for the existing system as well as the ability to recover quickly if attacked. These goals present four key challenges:

- Integrating security and resilience with the commercial demands of the system.
- Integrating security and resilience with social values such as privacy and civil liberties.
- Fostering international cooperation and harmonizing standards.
- Gaining cooperation between the public, private, and non-profit sectors.

Addressing vulnerabilities requires a collaborative governance system.

Building a governance framework for securing the global economy must be a collaborative venture seen as an imperative by its users who must voluntarily participate.

Building this framework will take years and strong leadership. The U.S. has the most at risk because it is a key beneficiary of the global economy, so the President should guide the development and sustainment of this international governance framework.

Initial steps include:

- Developing a model of the existing global economic system to understand its patterns and complexities. Examples of the attributes of the model include mode of transportation (e.g., plane, rail, ship, electronic) and flow type (people, goods, money, information).
- Using the model to develop targeted strategies to manage security and resilience within it.

Understanding commonalities and linkages within each of the attributes creates the building blocks for the new governance system. These would include common security-related business functions, common control points (such as borders), existing data sources, and existing relationships among key system stakeholders

Specific actions to ensure success:

- Put the security of the global economy on the agenda of key international institutions such as the Organization for Economic and Cooperative Development, the World Trade Organization, and the G-8.
- Reorganize federal agencies to reflect the functional approaches defined in the model of the global trade system, as developed above.
- Create a standing forum to resolve disputes over the development of global-economy standards (e.g, biometric passports).
- Pilot test elements of the governance model, such as the systems architecture related to the flow of trade information between agencies or governments. ■

Resources

James Rice, "Securing Global Trade" (IBM Center for The Business of Government) *Forthcoming, Summer 2008.*

["Global Movement Management: Commerce, Security, and Resilience in Today's Networked World" \(IBM White Paper\) 2008.](#)

["Global Movement Management: Securing the Global Economy" \(IBM White Paper\) 2005.](#)

[James Rice and Philip Spayd, "Investing in Supply Chain Security: Collateral Benefits" \(IBM Center for The Business of Government\) 2005.](#)

[David Closs and Edmund McGarrell "Enhancing Security Throughout the Supply Chain," \(IBM Center for The Business of Government\) 2004.](#)



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