

Gambling On Our Futures: Big Data, Global Finance and Digital Life

“If impact investing becomes ‘business as usual,’ the future will be a much different place.”
Judith Rodin, President of the Rockefeller Foundation 2005-2017

“And what does this future look like?” Well, this is Morgan.

Morgan the financier has more money than he knows what to do with.

Morgan must keep his money circulating to extract MORE money from the economic system.

Morgan and his friends wrecked the world economy, were bailed out by the federal government, and then proceeded to create NEW predatory financial instruments to keep their capital moving.

They gathered in Bellagio, Italy as the housing market was on the brink of collapse and with guidance from the Rockefeller Foundation crafted a vision for new investment markets.

These new markets were built on exploiting the misery of 4 billion people at what they refer to as the bottom of the economic pyramid.

After decades of neoliberal disinvestment in public enterprises and infrastructure, Morgan and his friends were ready to take them over. They developed new, dehumanizing proposals to extract private profit from the global poor.

The Global Impact Investment Network or GIIN, created in 2009, led the effort. In 2015 revisions in tax law allowed foundations to use their endowment funds for social impact investing without penalty, unleashing a flood of capital to seed these new markets.

Thus, social impact investing was created for these purposes, sweeping the globe as new tool of innovative finance. Social Impact Bonds or SIBs were created to carry out the plan.

SIBs, allow private investors to milk profits from public programs, based on their own projections of reduced government expenditures in the future.

To do this, governments issue payments when programs meet predetermined metrics of success, which are narrow by design.

Successful programs are designated “evidence-based” and scaled.

For that reason, profit-driven and surveillance based data collection and monitoring is central to the enterprise.

Careful structuring of deals and manipulation of data also comes into play.

What tools are used to identify those “at risk?”

Who is permitted or excluded?

What data is weighed or ignored when determining success?

Evaluators have a stake in seeing the system operate unimpeded and may be inclined to look the other way or bias their methods, as the deck is stacked in the investor’s favor.

It may take years before a return on SIB investments is realized.

But bundling the debt that SIBs represent transforms them into liquid securities that are immediately available for high frequency trading.

The level of risk associated with these derivatives fluctuates as data flows through digital platforms linked to public service delivery.

As bets and counter-bets are made by elite financial investors, the future prospects of real people are woven into the oppressive operations of global financial markets.

Human potential is subsumed within a colossal machine designed to profit from suffering.

Desperate gaps in public funding for public services predispose government employees to sign on to these predatory public-private partnerships.

Programs struggle under bare-bones budgets, and as frustrations with “broken-on-purpose” systems mount, Morgan is right there pitching SIBs as a cost-effective fix; one that not coincidentally shifts public sector funds into the hands of global finance.

The scheme that is “Pay for Success” allows Morgan and his friends to claim, “they’re doing well by doing good.”

While their government collaborators say, “we’re just paying for what works.”

All public service delivery is redesigned and constrained to extract the profit-generating data that the financiers demand.

Data-driven approaches and investor interests are prioritized over relationship-centered care, by legislative decree.

Which leads to human lives dominated and constrained by invisible algorithms, manipulated by their devices, without any appeal to human judgment.

And people like Mia, who rely on public services, become, in essence, financial instruments mined for their data.

Sensitive, personal data, stored in the cloud and vulnerable to fraud and hacking.

Mia's toddler Lena goes to a Pay for Success-controlled preschool where most of the instruction is delivered through an I-pad.

Her older daughter Mara struggles with reading. She can only advance her education through an online learning program, and if she doesn't increase her scores, she won't be able to go on to the fourth grade.

Mia's community is home to many new immigrants. The school is piloting a Pay For Success online learning system designed for English language learners. There hasn't been an ESOL teacher in the school for two years.

Mia's aunt Anna is required to wear a fit-bit as part of a Pay for Success diabetes prevention program, in order to qualify for medical care.

Mia sends her incarcerated brother Marc money to rent an I-pad through a Pay for Success program. After he logs enough time on the online education and therapy system he can watch a movie.

Mia's next-door neighbor Bill, a veteran with PTSD, can only get access to counseling through a Pay for Success tele-therapy program that employs texting, Skype and virtual reality. If he fails to engage with the program, his benefits will be cut.

Her other neighbor Justine is expecting a baby, and the Pay for Success home-visit nurse collects extensive information about her family life on a tablet during each visit.

Pay for Success monitoring expands the state surveillance mechanisms that target communities of color for interventions (like broken windows policing).

Predictive policing programs will intensify and automate this control infrastructure, using "smart city" technology and Internet of Things sensors to track individuals identified as future troublemakers.

Social Impact Bonds to reduce prison recidivism will target black, brown and low-income people for more incarceration. Vendors and financiers will cash in on "evidence-based" behavioral interventions, designed to "fix" community members who have been involved with the criminal justice system.

When students spend much of their school day using iPADS and Chromebooks they become socially isolated, and behavior problems worsen. Data analytics, social-emotional profiling and intrusive school-based policing will push even more children into the prison industrial complex.

Data analysis partners that have ties to the Department of Homeland Security (like Palantir, which services the Santa Clara County homelessness SIB) pose a special danger to immigrant communities, who will be discouraged from using vital services.

In this future, accessing essential services will mean we must first agree to ongoing surveillance and compliance.

Will public needs only be addressed if they can feed insatiable financial markets and readily offer up data to service innovative financial instruments?

Will we allow public services, including our schools, to be digitized by self-interested investors?

And how likely is it that savvy impact investors will adopt a casino capitalist strategy taking out credit default swaps on the whole rotten system right before it implodes?

We are already living in a world where machine learning, big data and predictive analytics are poised to limit our lives in unimaginable ways.

The most powerful interests in the world created this social impact investment landscape, working to subvert democratic control of government power at every level.

This market-driven landscape benefits Morgan, his billionaire friends, and
The lawyers who create deals
The consultants that evaluate them
The politicians who legislate them into place
The tech industry managing the devices, software, and cloud-based computing
The telecommunications companies that operate the data infrastructure
And the mega-non-profits run by super-wealthy investors that deliver the outsourced public services.

Billionaires like Morgan intend to keep getting richer, and the misery of people like Mia and those in her community is a fine way to do it.

When Pay for Success and Social Impact Bonds show up in your community, know that this is the future that is currently being created. We must be prepared to fight them.

In 2013 the Harvard Business Review said “Social Impact Investing Will Be the New Venture Capital,” and we know how venture capital has resulted in the privatization of public education.