FRAMEWORK #174

Governance Cost Inversion

DEFINITION

The point at which a governance control's recurring cost exceeds the risk-adjusted value of the risk reduction it provides, independent of whether governance is executing correctly.

FRAMEWORK FLOW

01
The Condition
Controls scale with change volume, not with the risk differential of the change class.

02
The Boundary
Does marginal cost stay below marginal risk reduction, or does it cross over?

03
Failure State
Governance Cost Ratchet — cost accumulates, never reassessed against current risk.

04
Consequence
Velocity and cost degrade for a risk class whose actual exposure never changed.

Failure State: Governance Cost Ratchet

Control built against initial risk assessment → Underlying risk changes, often downward → Change volume increases, burden accumulates → No reassessment mechanism exists → Inversion persists — not detected, not examined

THE FOUR INDICATORS

APPROVAL-CHAIN LENGTH

Governance effort per change class, compared against the blast radius that change class actually carries.

TIME-TO-APPROVE

Approval latency compared against observed incident rate — a proportionality check, not a causal claim.

AUTO-APPROVABLE, STILL SIGNED OFF

The share of changes eligible for automated approval under policy that still route through a human control adding no proportional risk reduction.

COST PER APPROVAL CYCLE

Labor cost per cycle, compared against the expected loss the approval is meant to prevent.

ARCHITECTURAL RELATIONSHIPS

#159
Emergency Reconciliation Gap
RELATED MODERATE

Constrains a distinct governance-failure surface — #159 requires a structural absence (no defined path back from an authorized exception to governed state); #174 requires no structural failure at all.

#172
Automation Validation Tax
RELATED STRONG

Defines the adjacent MI5 automation-economics axis — #172 measures the cost of confirming output correctness; #174 measures the cost of the approval layer regardless of whether correctness is even in question.

#139
Automation Debt Curve
RELATED WEAK

#139 measures pipeline and maintenance burden inside automation; #174 measures the governance-layer cost imposed on changes passing through that automation.

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FRAMEWORK HOME

The cost-vs-risk-value crossover is control-agnostic — the same mispricing shape holds regardless of which specific approval tool or CAB structure sits beneath it.

"A governance system that can add controls but never subtract them isn't conservative. It's unaudited in one direction only."