

GOVERNING FOR THE FUTURE: BRINGING THE LONG TERM INTO SHORT TERM POLITICAL FOCUS

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OUTLINE

1. The research context
2. Summary of argument
3. The rationale for protecting future generations
4. What is the goal?
5. Is there a problem? If so, why?
6. Solutions – ways to enhance policy farsightedness
7. Intervention logics – causal chains, assumptions and risks
8. Evaluating the options
9. Interim Conclusions

Focus on topics 6, 7 and 8

RESEARCH CONTEXT

1. Much evidence of short-sighted, non-sustainable policy settings (fiscal, environmental, social, etc.) causing future harm – if not also current harm
2. My recent research has focussed on climate change policy (globally and in NZ) and child poverty (esp. in NZ)
 - In both cases significant policy changes, including new investment, are required now to minimize future harm (and/or to secure future benefits); but there are strong short-term political incentives not to take such action
3. Fulbright Fellowship (2014) – focused on ‘Governing for the Future’ – how to ensure governments protect the interests of future generations, avoid irreversible ecological damage, ensure inter-generational justice, etc.
 - focuses on democracies, four in particular (US, UK, Finland and NZ)
 - considers a broad range of policies – economic, social, environmental, etc.
 - not examining authoritarian regimes or comprehensive, central planning

RESEARCH CONTEXT

4. Many interesting policy developments recently:
 - New, more holistic frameworks for policy analysis, monitoring and reporting being developed (OECD and individual governments)
 - Reports of the Economics of Ecosystems and Biodiversity (TEEB) Project and the Natural Capital Committee (UK)
 - Quest for Sustainable Development Goals (current UN process)
 - Welsh legislation – Well-Being of Future Generations Bill (July 2014)
 - Proposal for a UN High Commissioner for Future Generations
 - Oxford Martin Commission on Long-term Issues, etc. etc.

SUMMARY OF THE ARGUMENT

1. Wise stewardship and policy farsightedness matter
 - There is a strong moral case for protecting the interests of future generations and seeking inter-generational justice
 - While there is scope for debate over the nature of these imperatives (especially for those in the far future), some policies are bound to inflict long-term harm and/or constrain future options
2. On balance, democratic political systems are biased towards the present; hence risk of intergenerational 'buck-passing'
 - Many examples of short-sighted policies
 - Some notable exceptions
 - No suggestion that dictatorships are better than democracies
3. Policy short-sightedness reflects:
 - The human condition, including narrow self-interest, myopia (high discount rate), analytical limitations, uncertainty, etc.
 - Domestic political constraints and incentives – asymmetries, policy pay-off structures, etc.
 - International constraints – e.g. difficulties managing the global commons (oceans, atmosphere, etc.) due to collective action problems and weak international institutions

SUMMARY OF THE ARGUMENT

4. There are many current initiatives to protect the interests of future generations (incl. in Finland) and many proposed new approaches – e.g.
- Create new and/or stronger international institutions
 - Strengthen constitutional constraints on decision-makers
 - Delegate certain decision-rights to independent bodies
 - Reform electoral arrangements and/or legislative institutions
 - Institute new *procedural* rules and requirements for decision-making
 - Institute new *substantive* policy rules constraining decision-makers
 - Create new specialist legislative and/or executive institutions (with guardianship, analytical and advocacy roles)
 - Develop new conceptual and analytical frameworks (e.g. for valuing ecosystem services, assessing changes in natural capital, focusing more on maintaining and improving capital *stocks* rather than maximizing *flows*, etc.)

SUMMARY OF THE ARGUMENT

5. But what works (best) and why?

1. What would constitute 'success'?
 - need clearly stated objectives and appropriate performance measures (but problem of long timescales)
2. Many intervention logics (theories of change)
 - need to distinguish these, specify the various logic chains, evaluate the underlying assumptions, and specify the risks of the assumptions being wrong
3. Current empirical evidence
 - few systemic or comprehensive evaluations of the various existing (or proposed) mechanisms for protecting the interests of future generations

SUMMARY OF THE ARGUMENT

6. Interim conclusions:

1. No magic bullets or 'utopian' solutions – little choice but to 'muddle through'
2. The durability and effectiveness of specific interventions cannot be guaranteed over succeeding generations (assurance and compliance problems)
3. Some proposed 'solutions' pose serious risks (e.g. genetic engineering for 'moral enhancement'), or threaten significant values (e.g. loss of democratic control and accountability), or face major political/institutional obstacles (e.g. transfers of decision rights to international institutions)
4. Need multiple policy initiatives, across all levels of governance and multiple policy domains (reflecting the impact of many different policies on the interests of future generations)

SUMMARY OF THE ARGUMENT

Probably best to focus efforts on:

- clear procedural and substantive policy rules to guide and constrain decision-makers (e.g. to ensure fiscal, environmental and social sustainability)
- stronger institutional voices for the future (at multiple governmental levels)
- more effective guardianship bodies (with strong analytical and advocacy roles)
- more holistic analytical frameworks for assessing policy options and measuring performance
- a more conducive enabling environment (re. the practices and values of the private sector and civil society)

SOME RECENT RELEVANT LITERATURE

1. William Ascher, *Bringing in the Future: Strategies for Farsightedness and Sustainability in Developing Countries* (Chicago University Press, 2009)
2. Jonathan Boston et al (eds) *Future-Proofing the State: Managing Risks, Responding to Crises and Building Resilience* (ANU Press, 2014)
3. Alan Jacobs, *Governing for the Long Term: Democracy and the Politics of Investment* (Cambridge University Press, 2011)
4. House of Commons (UK), *Governing the Future*, Public Administration Select Committee, March 2007
5. Oxford Martin Commission, *Now for the Long Term: The Report of the Oxford Martin Commission* (Oxford, 2013)

SOME VIEWS

When it comes to the future, there are three kinds of people: those who let it happen, those who make it happen, and those who wonder what happened.

John Richardson Jr

*Life can only be understood backwards;
but it must be lived forwards.*

Søren Kierkegaard

I never think of the future - it comes soon enough.

Albert Einstein

*... tomorrow belongs to the people who
prepare for it today*

African proverb

WISE STEWARDSHIP AND FARSIGHTEDNESS MATTER

1. Humanity has the capacity to inflict great harm on current and future generations
2. Most religious and philosophical traditions:
 - recognize certain inter-generational responsibilities
 - commend foresight – proper planning for the future, both to secure benefits and to minimize harm
 - value the prudent use of resources
 - value both intra-generational and inter-generational justice
3. The Christian tradition emphasises:
 - the stewardship of creation
 - love of neighbour – across space and time
 - the responsibility of knowledge – wise use of gifts and talents
 - the importance of 'vision', imagination and hope

WISE STEWARDSHIP AND FARSIGHTEDNESS MATTER

4. Humanity's capacity to predict the future is limited
 - But there is much about which we can have reasonable confidence
5. Not all long-term thinking is good thinking
6. But there is still a strong case for:
 - conceptualizing, imagining and visioning
 - identifying major risks and vulnerabilities
 - identifying principles of distributive justice
 - planning – to improve, develop, invest ...
 - 'future-proofing' – to minimize future harms and enhance resilience

WHAT IS THE GOAL?

1. Policy farsightedness:

- But what does this mean?
- Many possible considerations and criteria – see next slide

2. Protecting the interests of future generations:

A. Problems/objections:

- Uncertainty – over the nature of these interests (especially in the far future), due to changing technologies, needs, preferences, etc.
- Multiple and competing interests
- Should the focus be on interests, needs, rights or well-being?
- Competing theories and principles of inter-generational justice

B. Assumptions:

- Those in the near future will have similar interests to those alive today
- There is a moral case for protecting basic rights, preserving cultural and natural heritage, minimizing future harms and maintaining future options

WHAT CONSTITUTES ADEQUATE FARSIGHTEDNESS?

Many possible criteria, contingent on policy domain:

1. Sound democratic governance
 - Maintaining the integrity and effectiveness of democratic institutions
 - Maintaining a comprehensive range of basic rights and freedoms
2. Fiscal sustainability
 - Maintaining prudent levels of (net) national debt
 - Maintaining prudent management of long-term fiscal risks (e.g. population ageing)
3. Environmental sustainability
 - Maintaining aggregate stocks of natural capital (both renewable and non-renewable) – various substitution rules
 - Remaining within 'safe' planetary (and sub-planetary) boundaries
4. Good physical infrastructure
 - Maintaining the stock of physical infrastructure (quantity and quality)
 - Adequate investment in future proofing/resilience
5. Pursuing social justice and well-being
 - Adequate investment in prevention and early intervention (to ensure positive long-term outcomes), including policy research and evaluation
 - Maintaining the stock of human and social capital
 - Distributional fairness across generations

IS THERE A PROBLEM?

1. Failure of societies throughout human history, partly due to poor foresight – e.g. poor long-term management of critical, non-substitutable resources (Jared Diamond, *Collapse*)
2. Democracies are 'systematically biased in favour of the present' (Thompson, 2005) – reasons:
 - elected governments want to satisfy voters' preferences
 - voters typically have high discount rates
 - governments thus suffer 'political myopia' (Congleton, 1992)
 - many other factors encourage inter-generational buck-passing (see later)
3. Dictatorships face similar pressures, but:
 - less transparency, weaker feedback
 - less opportunity for policy learning
 - weaker accountability and incentives for reform

IS THERE A PROBLEM?

The meaning of 'the future'

1. Many different time-scales – near future to far future
2. Inter-generational dimensions – the futures of people alive today, the next generation, multiple generations
3. Time-scales and reversibility vary with the problem
 - biodiversity loss and climate change have implications for the far future (limited reversibility)
 - inadequate investment in physical infrastructure can be remedied

IS THERE A PROBLEM?

The empirical evidence suggests a varied picture

- differences across policy domains, between countries and over time
1. Much evidence of policy short-sightedness
 2. Some evidence of policy farsightedness
 3. Some evidence of an excessive focus on the long-term
 - e.g. 'white elephant' infrastructure projects

EVIDENCE OF SHORT-SIGHTEDNESS

By individuals, families, organizations and governments – examples:

1. **Fiscally unsustainable policy settings**
 - pension policies in many countries
 - high and increasing levels of public debt
2. **Environmentally unsustainable policy settings**
 - poor domestic management of negative environmental externalities
 - inadequate conservation and environmental protection – fisheries management, water management, deforestation, soil erosion, etc. – resulting in massive biodiversity loss
 - inadequate efforts to curb GHG emissions and atmospheric concentrations (including massive global production and consumption subsidies for fossil fuels)
3. **Inadequate social investment**
 - early childhood education
 - relief of child poverty
 - public health and preventative health care
4. **Inadequate or misguided physical infrastructure investment**
 - poor maintenance of infrastructure, especially in some developing countries
5. **Low private savings in many countries**
6. **Listed companies unduly focused on quarterly results**







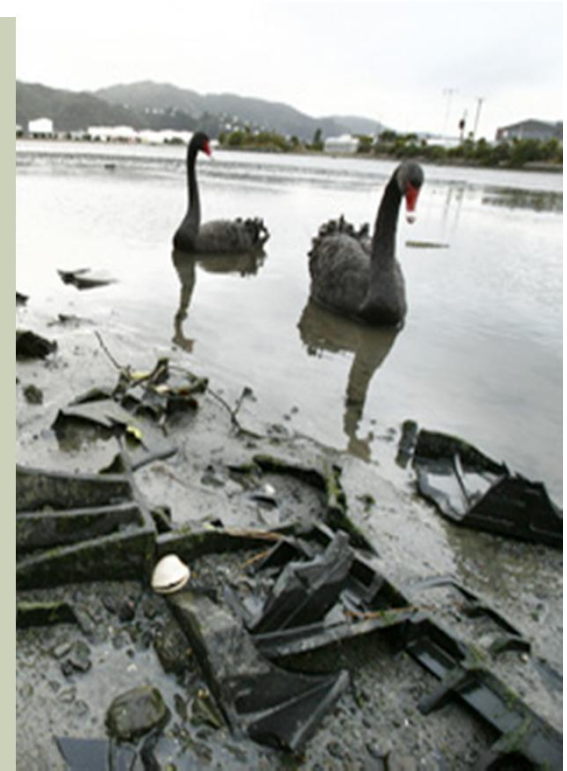












BUT ALSO EVIDENCE OF POLICY FARSIGHTEDNESS

Recent New Zealand examples:

1. Fiscal policy – Fiscal Responsibility Act (1994), requirement for regular Long-term Fiscal Statements by Treasury
2. Local government – long-term community plans
3. Pensions policy – ‘Cullen’ fund; Kiwi-saver
4. EQC earthquake fund
5. Institutions with long-term guardianship mandates
 - Parliamentary Commissioner for the Environment
 - Commissioner for Children

EXPLAINING POLICY SHORT-SIGHTEDNESS: DIAGNOSING THE PROBLEM

At least four major factors:

1. The human condition – motives, values and psychology
2. Epistemic – uncertainty and lack of knowledge
3. Political or institutional factors
 - Various politically salient asymmetries
 - Particular patterns of inter-temporal trade-offs
 - Powerful vested interests – resistance to change
 - High discount rate used in policy analysis
 - Failure to integrate longer-term considerations into current decision-making
 - Weak international institutions (to manage global public goods)
4. Limited or weak 'danger' signals and slow feedbacks ('creeping' problems)

Factors 1-4 in combination – suggestive of a 'wicked' policy problem

THE HUMAN CONDITION

Various deeply rooted behavioural characteristics and dispositions

- these affect individuals in their many and varied roles, including as decision-makers, and are often interconnected
1. High private discount rates, myopia, pure impatience, procrastination, irrational exuberance
 - solving many problems and generating long-term improvements requires short-term (economic) sacrifices; delayed gratification
 2. Narrow self-interest
 - unwillingness to contribute to the collective effort required to secure certain long-term gains (free-riding)

THE HUMAN CONDITION

3. Analytical limitations

...of individuals and organizations

■ Multiple problems

1. Complexity
2. Limited (or excessive) information
3. How humans manage uncertainty
 - Uncertainty over future gains can reinforce impatience, by reducing the value that people place on possible losses and gains
 - Uncertainty can also encourage misguided optimism about the future, resulting in complacency and passivity
4. Overload – tyranny of the urgent, can paralyze long-term thinking
 - Time scarcity and limited mental energy – reduces capacity for long-term thinking

THE HUMAN CONDITION

4. Role of heuristics – analytic short-cuts and habits (Kahneman et al)
 - Biases in judgement and assessment of risks
 - undervaluing of long-term risks
 - underestimating future benefits
 - cognitive bias in favour of the status quo – due to loss aversion and the endowment effect
5. Unjustified faith in technological breakthroughs and 'solutions'

POLITICALLY SALIENT ASYMMETRIES THAT CONTRIBUTE TO POLICY SHORT-SIGHTEDNESS

1. The voting (or accountability) asymmetry
2. The cost-benefit asymmetry
3. The interest group asymmetry
4. The accounting asymmetry

THE VOTING ASYMMETRY

1. Elected governments are primarily concerned with the satisfaction of voters' interests
 - The very young and future generations have no vote or political power
 - Voters tend to be self-interested and myopic and have short memories
 - Constitutional and other protections for the interests of future generations are generally weak and often ineffective
 - Governments are held accountable for their actions (or inactions) on the basis of current impacts and conditions; they are much less accountable for the future impacts of their actions (or inactions)
 - Future impacts are out of sight and out of mind
2. Hence, strong incentives on democratically-elected officials to avoid short-term costs designed to deliver long-term benefits (or minimize long-term risks)

COST-BENEFIT ASYMMETRY

1. The costs and benefits of certain policies (e.g. climate change) may be significantly different with respect to the key dimensions of time, certainty, visibility and tangibility
2. Problems arise particularly when:
 - The costs are mainly short-to-medium term (front-loaded), but the benefits are mainly long-term (back-loaded), as this implies short-term pain for long-term gain
 - The costs are relatively certain, visible and/or tangible, but the benefits are less certain, less visible and/or intangible

INTEREST GROUP ASYMMETRY

1. Many policies involve a clash between concentrated and dispersed interests
2. Concentrated interests are typically well-resourced, and have strong incentives to lobby to protect their interests
3. Where interests are dispersed over space and time, there are weaker incentives and less capacity to mobilize politically
4. This creates a power imbalance or asymmetry

ACCOUNTING ASYMMETRY

1. Financial and manufactured (built) capital is valued and accounted for, but natural capital and ecosystem services are not
2. Firms' financial statements do not include full effects of their activities on the environment; triple-bottom line accounting only modestly developed
3. National accounts ignores changes in natural capital and other environmental impacts
4. What is measured affects policy decisions; if measurements are partial and flawed, decisions will be distorted

LIMITED OR WEAK DANGER SIGNALS

Policy makers are more likely to take long-term risks seriously if there are clear danger signals, but:

In many policy contexts:

1. No fixed 'thresholds', 'boundaries' or clear tipping points
 - Ecological constraints – planetary (and sub-planetary) boundaries
2. No agreement on what is 'safe'
3. Weak countervailing forces or danger signals
 - Bond markets provide signals (via interest rates) on national debt levels
 - No equivalent to bond markets in many areas
 - Feedbacks of possible 'failure' are often absent until a 'crisis' hits (creeping problems)
4. 'Black swan' events – rare, big surprises (Nassim Taleb)

DIAGNOSIS OF PROBLEM – SUMMARY POINTS

1. Short-sightedness (or lack of attention to future considerations) has multiple causes – and thus needs multiple solutions
2. Some of the causes are likely to be easier to 'solve', or at least mitigate, than others
3. The nature, scope and scale of the problem is suggestive of a 'wicked' policy problem – implying only partial solutions are possible (with each 'solution' being problematic in some way)
4. Governing for the future is bound to be harder than governing for today (which is hard enough), but governing well for today is likely (in most instances) to be good for the future too

SOLUTIONS – WAYS TO INCREASE POLICY FARSIGHTEDNESS

Many efforts to date within democracies to encourage policy farsightedness; numerous untried proposals

1. Reflects the multiple problems (causes) that need to be addressed, and tailoring of solutions to the requirements of each policy context
2. Categorizing the many options is hard – numerous different types of 'solution's (typologies), with many variations
3. 10 solution 'types' are considered in the following tables, but many other typologies are possible – e.g. rules, institutions, norms, etc.
4. The 10 solution types rely on many different intervention logics (or explanatory justifications); most specific proposals have multiple logics (see tables)
5. There are few systematic, comprehensive evaluations of options

SOLUTIONS – WAYS TO INCREASE POLICY FARSIGHTEDNESS

How are the various solutions expected to work – i.e. what are the envisaged mechanisms or intervention logics?

1. Changing the decision context facing policy actors, including citizens (e.g. using the insights of behavioural psychology)
2. Changing the motives of decision-makers (values, norms, priorities, etc.) (internal drivers)
3. Changing the formal constraints within which decisions are made (constitutional rules, procedural rules, substantive policy rules, etc.)
4. Changing the political incentives facing decision-makers (public opinion/preferences, political culture, balance of political forces, accountability, etc.) (external drivers)
5. Enhancing the capacity to make farsighted decisions (better information, analytical resources, policy frameworks, etc.)

TYPES OF SOLUTION

	Solution type	Examples	Main intervention logics
1	New and/or stronger international institutions	New international institutions with decision rights to manage and protect global public goods	Enables collective action to internalize externalities and set safe planetary limits Enhances enforcement (to prevent free riding)
		Strengthened protection for the interests, needs and rights of future generations in international instruments (agreements, conventions, etc.)	Constrains domestic decision-makers via rule of law (legal authority) Threat of judicial review – anticipatory constraint
		Establish a UN High Commissioner for Future Generations	Changes political incentives – via: Enhances information base (transparency) Enhances policy analysis Strengthens advocacy (voice) Strengthens accountability (risk of embarrassment)

TYPES OF SOLUTION

	Solution type	Examples	Main intervention logics
2	Constrain the decision-rights of policy makers via constitutional or quasi-constitutional means	Insert specific wording in constitutions to protect the interests, needs and/or rights of future generations	Constrains decision-makers via rule of law (legal authority) Threat of judicial review – anticipatory constraint
		Insert specific wording in constitutions to ensure the maintenance of a healthy environment and/or biodiversity	Constrains decision-makers via rule of law (legal authority) Threat of judicial review – anticipatory constraint

TYPES OF SOLUTION

	Solution type	Examples	Main intervention logics
3	Delegate certain decision rights to independent bodies	Delegate decision rights on the implementation of monetary policy to central banks	Reduces influence of short-term political (electoral) pressures Technocrats more future focused
		Delegate decision rights on major infrastructure investments to independent planning bodies	Reduces influence of short-term political (electoral) pressures Technocrats more future focused
		Delegate decision rights on various regulatory matters to independent regulatory bodies	Reduces influence of short-term political (electoral) pressures Technocrats more future focused
		Delegate decision rights on setting GHG emission reduction targets and/or budgets to independent Climate Change Committee – extension of current UK approach	Reduces influence of short-term political (electoral) pressures Technocrats more future focused

TYPES OF SOLUTION

	Solution type	Examples	Main intervention logics
4	Reform electoral arrangements and/or legislative institutions	Longer parliamentary term (and/or fixed term)	Reduces influence of short-term electoral pressures (for periods immediately following elections)
		Create (or reform) Upper House – give specific constitutional mandate to consider long-term issues	Enhances policy analysis Strengthens advocacy (voice) Political constraint (parliamentary votes)
		Create separate parliamentary representatives for future generations	Strengthens advocacy (voice) Political constraint (parliamentary votes)
		Reduce voting age	Political constraint (assumes young voters are more future-focussed than older voters)
		Reform electoral (campaign) finance to reduce power of vested interests	Changes political incentives - those representing dispersed interests (such as future generations) will gain influence; less favouritism for powerful sector groups

TYPES OF SOLUTION

	Solution type	Examples	Main intervention logics
5	<p>Institute procedural requirements for decision-makers to consider the long-term or undertake certain kinds of (strategic) planning or foresight processes</p> <p>Options: mainstreaming or application to specific institutions and/or policy processes</p>	<p>Legislative requirement for some/all policy makers and/or regulatory agencies to consider the interests of future generations as part of normal decision-making process (analogy with current 'consultation' requirements in many jurisdictions)</p>	<p>Reduces risk of long-term considerations being overlooked</p> <p>Encourages fuller analysis</p> <p>Political constraint via justificatory requirements</p>
		<p>Mandate regular foresight processes at national level, and regular horizon-scanning exercises within major departments/agencies</p>	<p>Encourages risk identification</p> <p>Enhances analysis of long-term policy issues and options</p> <p>Enhances political debate</p>
		<p>Require regular fiscal (or environmental) sustainability reports by an independent agency (with a mandatory government response)</p>	<p>Encourages risk identification</p> <p>Enhances analysis of long-term policy issues and options</p> <p>Enhances political debate</p>

TYPES OF SOLUTION

	Solution type	Examples	Main intervention logics
5	<p>Institute procedural requirements for decision-makers to consider the long-term or undertake certain kinds of (strategic) planning or foresight processes</p> <p>Options: mainstreaming or application to specific institutions and/or policy processes</p>	<p>Legislative requirement for some/all policy makers and/or regulatory agencies to consider the interests of future generations as part of normal decision-making process (analogy with current 'consultation' requirements in many jurisdictions)</p>	<p>Reduces risk of long-term considerations being overlooked</p> <p>Encourages fuller analysis</p> <p>Political constraint via justificatory requirements</p>
		<p>Mandate regular foresight processes at national level, and regular horizon-scanning exercises within major departments/agencies</p>	<p>Encourages risk identification</p> <p>Enhances analysis of long-term policy issues and options</p> <p>Enhances political debate</p>
		<p>Require regular fiscal (or environmental) sustainability reports by an independent agency (with a mandatory government response)</p>	<p>Encourages risk identification</p> <p>Enhances analysis of long-term policy issues and options</p> <p>Enhances political debate</p>

TYPES OF SOLUTION

	Solution type	Examples	Main intervention logics
6	Institute legal requirements for governments to commit to certain long-term policy goals, or abide by substantive policy rules designed to ensure sustainability (commitment devices)	Legally-binding requirements for decision-makers to set long-term targets to achieve desirable policy goals (e.g. lower GHG emissions, child poverty reductions, etc.)	Enhances information base (transparency) Signals intent (politically binding) Enhances prioritization of resources and political effort Strengthens accountability
		Legally-binding substantive policy rules (or principles) which decision-makers must adhere to (e.g. principles of fiscal responsibility, principles of environmental sustainability, policy rules requiring the stock of (non-renewable and renewable) natural capital to be maintained, etc.)	Enhances information base (transparency) Constrains decision-makers via rule of law Enhances policy analysis Strengthens accountability

TYPES OF SOLUTION

	Solution type	Examples	Main intervention logics
7	Establish or strengthen institutions with specific guardianship roles and/or mandates to protect the interests of future generations	Ombudsman for Future Generations	Enhances analysis of important long-term issues Enhances advocacy (voice)
		Commissions for the environment (NZ), sustainable development (UK), sustainable futures (Wales), etc.	Enhances analysis of important long-term environmental issues Enhances advocacy (voice)
		Organizations with guardianship responsibilities for cultural heritage (e.g. National Trust, UK)	Formal guardianship powers and responsibilities constrain options Enhances analysis of issues Enhances advocacy (voice)
		Organizations with guardianship responsibilities for nature	Formal guardianship powers and responsibilities constrain options Enhances analysis of issues Enhances advocacy (voice)
		Stewardship role of the civil service	Maintenance of broad capabilities, including capacity to serve multiple governments effectively over time Enhances analysis of important long-term issues Enhances advocacy (voice)

TYPES OF SOLUTION

	Solution type	Examples	Main intervention logics
8	Establish or strengthen institutions with specific long-term analytical and advisory responsibilities – legislative, executive, civil society, etc.	Standing parliamentary committees on the future (e.g. Finland, Scottish Futures Forum)	Enhances information base (transparency) Enhances risk identification Enhances analysis of long-term policy issues and options Enhances political debate
		Strategy units in government departments/agencies	Enhances information base (transparency) Enhances risk identification Enhances analysis of long-term policy issues and options Enhances political debate
		Long-term policy think tanks (both within and external to government)	Enhances information base (transparency) Enhances risk identification Enhances analysis of long-term policy issues and options Enhances political debate

TYPES OF SOLUTION

	Solution type	Examples	Main intervention logics
9	Develop new conceptual frameworks, analytical tools, methodologies and performance measures with more holistic and/or future-oriented dimensions	Living standards/well-being frameworks to guide policy making (e.g. those of the Australian and NZ Treasuries)	Changes policy framing, with stronger inter-temporal focus Changes incentives on decision-makers
New accounting rules and conventions – e.g. which consider natural capital and ecosystem services		Changes incentives on decision-makers Better information and transparency Changes what counts politically Enhances accountability	
Revised national accounts/balance sheets; asset-based approaches – including natural capital		Changes incentives on decision-makers Better information and transparency Changes what counts politically Enhances accountability	
Broader, more holistic performance measures – including objective and subjective happiness measures, comprehensive environmental reporting, inter-generational fairness indices, etc.		Changes incentives on decision-makers Better information and transparency Changes what counts politically Enhances accountability	
Reformed financial management regimes, with multi-year and cross-agency budgeting, the use of forward liability models, etc.		Changes incentives on decision-makers Enhances policy flexibility Enhances accountability	

TYPES OF SOLUTION

	Solution type	Examples	Main intervention logics
10	Create a better enabling environment for long-term decision-making	Greater governmental transparency and openness	Enhances quality of policy debate Enhances accountability
		Increase investment in (strategic) research and development	Enhances evidence for decision-making Identifies future risks and opportunities
		Harness the findings and opportunities of big data and policy evaluations/pilots	Enhances intervention effectiveness
		Enhance long-term planning and strategizing by civil society organizations	Enhances quality of civil society programmes and actions Increases pressure on policy-makers to consider the long-term
		Enhance long-term planning and strategizing by business	Enhances quality of private sector investment Increases pressure on policy-makers to consider the long-term

SOLUTIONS – WAYS TO INCREASE POLICY FARSIGHTEDNESS

Note: the 10 summary tables do not exhaust the range of possible solutions

- Additional proposals include:
 1. changing the human condition via 'moral enhancement' (e.g. by genetic engineering)
 2. encouraging more farsighted political leaders via better civic education, focussing on particular virtues (e.g. prudence), etc.
 3. changes in the level of decision-making within a policy (centralization v decentralization), etc.

Proposals 1 and 2 emphasize achieving greater farsightedness via changing human motivation – but to what extent is this possible?

SOLUTIONS – WAYS TO INCREASE POLICY FARSIGHTEDNESS

The 10 types of solutions fall into 4 broad categories:

1. Changing who makes important decisions (e.g. by shifting decision rights from elected officials to others – either supranational bodies or independent experts)
2. Imposing formal constraints (e.g. constitutional/legal) on decision-makers (constraining)
3. Changing the political incentives and policy pay-off structures within which decision-makers operate (rebalancing) (e.g. by changing voter preferences, balance of interests, nature of political accountability, etc.)
4. Enhancing the capacity to make farsighted decisions (e.g. via new and better information, better policy analysis, etc.)

These broad categories are not mutually exclusive – all 4 approaches could be used simultaneously in different policy domains

Most of the solutions listed in the tables fall into the second and third categories.

Question: which of these approaches is most likely to be effective?

- Need to consider the relevant intervention logics and their underlying assumptions and risks
- What available empirical evidence is there?

INTERVENTION LOGICS

1. Each proposal for enhancing policy farsightedness (or protecting the interests of future generations) is underpinned by at least one intervention logic (IVL). These provide a 'logic chain' which explains why intervention 'X' is likely to produce outcome 'Y' (typically via a series of intermediate steps)
2. Underpinning each logic chain is a series of assumptions; each assumption is open to scrutiny; there is a risk that one or more of these assumptions will not be valid – in which case the intervention will be less effective (or completely ineffective) in achieving the desired outcome
3. Additionally, we need to consider the feasibility and overall desirability of each option – some are currently impractical
4. Several dozen intervention logics underpin the various proposals outlined – only possible to illustrate a few here

INTERVENTION LOGICS

Consider the intervention logics for four current approaches or proposals:

1. Insert specific wording in constitutions to protect the interests, needs and/or rights of future generations
2. Require regular fiscal (or environmental) sustainability reports by an independent agency (e.g. OBR) – require a government response within a specified timeframe
3. Establish institutions with specific long-term analytical and advisory responsibilities
4. Institute substantive policy rules for maintaining aggregate stocks of natural capital

INTERVENTION LOGICS

Proposal:

- Insert specific wording in constitutions to protect the interests, needs and/or rights of future generations

Main intervention logic:

- Decision-makers are constrained by the rule of law (legal authority)

Assumptions:

- Appropriate wording is included in the constitution
- Relevant cases come before the courts
- The relevant constitutional provisions are justiciable
- The courts give weight to the relevant provisions and are willing to override the legislature
- The judicial interpretations give added protection to future generations
- The courts are authoritative and their rulings are adhered to

Risks:

- One or more of the assumptions is invalid

Empirical evidence internationally:

- Little evidence to date of such provisions making much difference

INTERVENTION LOGICS

Proposal:

- Require regular fiscal (or environmental) sustainability reports by an independent agency (e.g. OBR) – and require a timely government response

Main intervention logic:

- Changes the structure of political incentives via better information, better risk identification, enhanced analysis of long-term issues and options, and enhanced political debate, public understanding and accountability

Assumptions:

- The agency is adequately resourced and sufficiently independent
- Analyses are rigorous, with clear policy implications
- Reports attract political and public attention
- Governments change policy settings in response

Risks:

- One of more of the assumptions is invalid

Empirical evidence internationally:

- Only modest evidence to date of such provisions making much difference

INTERVENTION LOGICS

Proposal:

- Establish institutions with specific long-term analytical and advisory responsibilities (e.g. Parliamentary Committee for the Future)

Main intervention logic:

- Changes the structure of political incentives via better information, better risk identification, enhanced analysis of long-term issues and options, and enhanced political debate, public understanding and accountability

Assumptions:

- The institution is adequately resourced
- Analyses are rigorous, with clear policy implications
- Reports attract political and public attention
- Governments change policy settings in response

Risks:

- One or more of the assumptions is invalid

Empirical evidence internationally:

- Some evidence of modest policy influence, but many entities don't survive

INTERVENTION LOGICS

Proposal:

- Institute substantive policy rules for maintaining aggregate stocks of natural capital (at the national level)

Main intervention logic:

- Constrains decision makers and changes the political incentives they face – via new and better information, new goals/targets, changes in public preferences/values, enhanced accountability for performance, etc.

Assumptions:

- The policy rules are clear and enforceable
- There are adequate mechanisms for enforcement
- There are few, if any, override provisions
- The relevant information is available (or can be generated) to ensure compliance
- Sub-national decisions do not undermine national-level policy goals
- Climate change and other external shocks (e.g. invasive species) do not undermine policy goals

Risks:

- One or more of the assumptions is invalid

Empirical evidence internationally:

- Such rules have not yet been implemented
- Would need global application to be fully effective

INTERVENTION LOGICS

Possible natural capital rules (see UK Natural Capital Committee; Helm 2014, etc.):

1. **A demanding rule** – policy makers must bequeath to future generations an aggregate stock of renewable and non-renewable natural capital equivalent to, or better than, now
 - Any loss of non-renewable natural capital can only be compensated via natural capital (not other forms of capital)
 - Losses of renewable natural capital must be fully compensated via offsets of natural capital elsewhere

2. **A less demanding rule** – policy makers must bequeath to future generations an aggregate stock of renewable natural capital equivalent to, or better than, now
 - Losses of non-renewable natural capital can be compensated via any kind of capital
 - Losses of renewable natural capital must be fully compensated via offsets of natural capital elsewhere

For enforcement, such rules would need to be embedded in relevant policy/legal frameworks, perhaps even constitutionally

EVALUATING THE OPTIONS

1. Many perspectives, literatures, theories, etc. relevant
2. Need to scrutinize and test the various intervention logics, and their application to current and proposed solutions
3. Need to review the available empirical evidence on current (and recent) solutions – including their effectiveness and durability
4. Many examples across the democratic world of future-focused institutions/organizations which have not survived
5. Need a holistic and adaptive approach:
 - What works is likely to be partly context dependent – different solutions (or combinations) will be needed in different jurisdictions, and at different times
 - Likely to need a combination of new constraints, changed political incentives, new capacities/capabilities, etc.

INTERIM CONCLUSIONS

1. Governing well for the future is critically important
2. Globally and locally, there is much evidence of policy short-sightedness
3. There are no magic bullets or 'utopian' solutions – little choice but to muddle through
4. The durability and effectiveness of specific interventions cannot be guaranteed over succeeding generations (assurance and compliance problems)
5. Some proposed 'solutions' pose serious risks (e.g. genetic engineering for 'moral enhancement'), or threaten significant values (e.g. democratic control and accountability), or face major political/institutional obstacles (e.g. transfers of decision rights to international institutions)

INTERIM CONCLUSIONS

6. Need multiple policy initiatives, across all levels of governance and multiple policy domains (reflecting the impact of many different policies on the interests of future generations)

Probably best to focus efforts on:

1. clear procedural and substantive policy rules to guide and constrain decision-makers (e.g. to ensure fiscal, environmental and social sustainability)
2. stronger institutional voices for the future (at multiple governmental levels)
3. more effective guardianship bodies (with strong analytical and advocacy roles)
4. more holistic analytical frameworks for assessing policy options and measuring performance
5. a more conducive enabling environment (re. the practices and values of the private sector and civil society)

ADDITIONAL SLIDES

1. Rebalancing options (focus on changing the structure of political incentives)
2. Better analytical methods

REBALANCING SOLUTIONS

Institutional mechanisms – rules, procedures, ‘voice’, etc.

1. Legislative institutions

- Parliamentary Committee for the Future (Finland) or Futures Forum (Scottish model)
- Report on the Future each parliamentary term (Finland)
- Prime Ministerial speech on long-term issues each parliamentary term
- Regular long-term policy reviews and evaluation processes

2. Executive institutions

- Periodic cabinet long-term strategy meetings
- High-level, long-term advisory groups/strategy units
- Stronger strategic planning procedures
- Stewardship responsibilities for senior managers

3. Fiscal institutions

- Comprehensive fiscal reporting
- Periodic long-term fiscal statements
- Independent budgetary agencies

REBALANCING SOLUTIONS

4. Environmental institutions

- Strengthen environmental planning, monitoring and reporting
- Strengthen oversight bodies/guardians

5. Independent advisory bodies and watchdog organizations

- Strengthen existing watchdogs
- Create new institutions – Commission for the Future Generations (Hungary, Israel – 2001-06), Sustainable Development Commission (UK – 2000-11)

6. Electoral institutions

- Reduce the voting age
- Reform electoral finance

7. Strengthen civil society

- Increase public funding for research and development
- Strengthen public interest broadcasting

REBALANCING SOLUTIONS

Better political management of long-term issues:

1. Issue framing
2. No-regrets approaches
3. Emphasis on co-benefits
4. Side-payments and short-term benefits
5. Independent, arms-length reviews
6. Cross-party consensus building and agreements

REBALANCING SOLUTIONS

Foresight initiatives and techniques:

1. Horizon scanning
2. Trend analysis
3. Modeling
4. Road mapping
5. Visioning
6. Scenarios
7. Gaming
8. Backcasting – actions required to achieve 'x'
9. Setting targets

BETTER ANALYTICAL METHODS

Broaden the analytical frameworks used in policy advising: e.g.

- NZ Treasury's *Living Standards Framework*
- Australian Treasury's *Well-being Framework*

Critical dimensions

1. Beyond GDP – well-being measures (Stiglitz et al.)
2. Approaches to discounting
3. Valuing of natural capital and ecosystem services
4. Analytical pluralism and multiple advocacy
5. Regular 'foresight' and strategic planning initiatives
6. Identifying and creating 'danger' signals