Enhancing policy farsightedness

Exploring the intervention logics which underpin the many proposals on offer. **Jonathan Boston** explores proposals that seek to bring the 'long term' into policy-making

Over the years numerous proposals have been advanced across the democratic world to overcome, or at least mitigate, political short-termism and policy short-sightedness. But what intervention logics – or explanatory justifications – underpin such proposals, on what behavioural and other assumptions do these various logics depend, and how robust are they? This short article briefly explores these questions. But first, let us consider the context.

The context

The evidence suggests that governments often give inadequate attention to long-term issues, thereby putting at risk the interests of future generations. They tend, in other words, to govern for today, rather than tomorrow. Instead of displaying policy farsightedness, they frequently exhibit significant 'short-termism' or 'political myopia'. Moreover, such propensities appear to be deep-seated, widespread and enduring. According to Thompson (2005: 246), for instance, policy makers in democracies are 'systematically biased in favour of the present'. This bias, it can be argued, reflects a multiplicity of factors. Above all, there are the pressures on elected politicians to be responsive to voter preferences and interest group pressures, the tendency for voters to be self-interested and impatient, the complexity and uncertainty surrounding many long-term policy issues, and the fact that future generations possess neither a vote nor a voice. To compound matters, efforts to protect the global commons – especially the Earth's atmosphere and oceans – are complicated and constrained by weak international institutions and collective action problems (see Kaul et al., 1999).

The negative impacts of such pressures, considerations and constraints, it is argued, are evident across many policy domains (see Congleton, 1992; Gardiner 2009; Jacobs, 2011). Examples include:

1. under-investment in development and maintenance of major, long-term physical assets, such as energy, telecommunications and transport infrastructure, and water services;
2. under-investment in early intervention, preventative healthcare initiatives and other social policies which entail short-term fiscal costs in the interests of long-term benefits;
3. a reluctance to confront the long-term fiscal risks of current policy settings (e.g. with respect to state pensions and elder care);
4. unsustainable management of natural capital, including critical, non-substitutable natural resources; and
5. inadequate measures to mitigate human-induced climate change.

The long-term economic, social and environmental consequences of such short-sighted policy settings are potentially serious, both in scope and scale. For instance, with respect to human-induced climate change, there is the risk of causing a massive loss of species and inflicting severe, large-scale and irreversible damage to critical biophysical systems. Such ecological damage will impose significant costs on future generations.

Reform proposals

Concern over governmental short-termism and inter-generational buck-passing has prompted numerous proposals to encourage more long-term thinking and better protect the interests of future generations (e.g. see House of Commons, 2007; Oxford Martin Commission, 2013; Stiglitz et al., 2009). In fact, there are so many different ideas and suggestions on offer that even listing them would be a major undertaking.

The various proposals can be broadly grouped into the following 'solution types':

1. new and/or stronger international institutions (e.g. with decision rights to manage and protect global public goods);
2. constitutional amendments designed to constrain the decision rights of legislators and policy makers by imposing, for instance, a duty on governments to safeguard the interests of future generations and/or to protect a healthy environment;
3. the delegation of certain governmental decision rights to independent (expert) bodies;
4. the reform of electoral arrangements and/or legislative institutions (e.g. to lengthen the term of Parliament, reduce the voting age and reform the rules surrounding campaign finance);
5. new procedural requirements for decision making, for instance, to require policy makers to consider the interests of future generations or undertake regular planning and foresight processes;
6. new 'commitment devices', such as legal requirements for governments to commit to certain long-term policy goals, or abide by substantive policy rules designed to ensure sustainability;
7. new and/or stronger institutions with specific guardianship roles and/or mandates to protect the interests of future generations;
8. new and/or stronger institutions (legislative, executive, etc.) with specific long-term analytical and advisory responsibilities;
9. new conceptual frameworks, analytical tools, methodologies and performance measures, with more holistic and/or future-orientated dimensions;
10. creating a better enabling environment for long-term decision making by governments (e.g. by

encouraging more long-termism in the private sector);

11. encouraging more farsighted political leadership; and
12. securing the 'moral enhancement' of the human condition (e.g. via genetic engineering).

Within each of these 12 categories many different policy proposals have been advanced, with numerous possible variations in terms of their specific design features. Many proposals, of course, have already been implemented. Many countries, for instance, have constitutions which include provisions designed to protect the interests of future generations. Likewise, many countries have delegated certain decision rights to expert bodies (e.g. relating to regulatory matters, the implementation of monetary policy, etc.), often with the aim, at least in part, of reducing the risks of short-termism. Guardianship-type bodies, long-term think tanks, strategic units, planning agencies, foresight exercises, horizon scanning, and various kinds of 'commitment devices' are also widely used, as are mechanisms designed to encourage prudent long-term decision making by citizens/consumers (e.g. auto-enrolment in pension schemes). In more recent years, a number of countries have established institutions specifically designed to undertake advocacy on behalf of future generations, and considerable analytic work has been conducted to develop better, more holistic and future-oriented policy frameworks. This includes concerted efforts to take into account the economic value of ecosystems services and to incorporate changes in natural capital stocks into national accounts and related performance management systems. It remains to be seen, of course, what difference these latter approaches will make to decision making and policy outcomes, including fiscal, social and environmental sustainability.

Intervention logics underpinning proposals to protect the future

Each specific proposal for enhancing policy farsightedness rests on at least one 'intervention logic' (IVL). Each IVL provides a 'logic chain' (or series of logically connected steps) which explains why a particular intervention (e.g. requiring regular, comprehensive horizon scanning by government agencies or the periodic preparation of long-term fiscal statements) is likely to reduce policy short termism. In some cases, of course, a particular intervention might be expected to impact on decision making and/or policy outcomes through two or more IVLs. It is likely, however, that one particular logic chain will be more important than the others. Be that as it may, each IVL rests on a series of assumptions. An obvious way to test the merits of any proposed intervention, therefore, is to identify and scrutinize the relevant assumptions and consider the extent to which, or the circumstances under which, they are likely to hold.

To illustrate, Table 1 outlines four specific proposals to enhance policy farsightedness. In each case, the main IVL is summarized, as are the core assumptions, the main risks and problems, and the evidence to date on the effectiveness of the interventions in question. Of course, the information provided in Table 1 is highly generalized. The validity of the various assumptions will clearly depend, at least in part, on the specific nature of the proposal in question and the political context in which it is being considered. Further, the information in Table 1 is insufficient to enable the various proposals to be properly assessed with respect to their feasibility, cost effectiveness or overall merits.

The proposals outlined capture only some of the IVLs underpinning the many and varied ideas for enhancing policy farsightedness. A full analysis of such logics is beyond the scope of this short article, but in summary four main IVLs can be identified. That is to say, the various proposals generally depend on one or more of the following mechanisms to achieve their desired goals:

1. Changing the motives of decision makers – or what might be called 'internal drivers' (e.g. values, norms, goals, priorities, etc.) – so that they have a greater desire to seek good long-term outcomes;
2. Enhancing the capacity to make and implement farsighted decisions (e.g. via robust information, sound research, systematic foresight processes, holistic policy frameworks, competent and efficient administration, etc.);
3. Changing the formal constraints within which decisions are made (e.g. the constitutional rules, procedural rules, substantive policy rules, etc.); and
4. Changing the political incentives facing decision makers (e.g. via changes to public opinion/preferences, political culture, the balance of political forces, accountability arrangements, etc.).

These IVLs are not, of course, mutually exclusive. Potentially all four could be employed simultaneously via a combination of policy initiatives. What is not clear from the existing academic literature is which particular logic (or combination) is likely to be the most effective, in which policy areas and under what conditions. Moreover, each of these four mechanisms – changing motives, capacities, constraints and incentives – embrace a wide range of possible sub-mechanisms. For instance, there are many different types of constraints, and such constraints are likely to work in different ways, depending on their nature and the circumstances of their application. Similarly, there are many different types of political incentives. How these affect decision makers is likely to depend on personality and ideological factors, assessments of the current political constraints and opportunities, the stage of the electoral cycle, and so forth.

Standing back from the particulars, farsighted decisions are more likely in a context where most, if not all four, of the mechanisms are operating simultaneously. For instance, efforts to enhance environmental sustainability (and hence, for instance, to protect biodiversity and the wellbeing of future generations) will almost certainly be most effective in circumstances where:

(a) decision makers have a strong desire to protect the environment based on their ethical values and policy preferences;

(b) there is the capacity to make and implement more farsighted decisions e.g. because of the richness of the available evidence base and the quality of the institutional delivery mechanisms;

(c) decision makers are constrained by various rules which give weight to principles of sustainability e.g. the precautionary principle and rules to protect aggregate stocks of natural capital); and

(d) there are strong political incentives for decisionmakers to place a high priority on environmental considerations e.g. because of the kind and quality of the policy analyses being undertaken and the strength of environmental advocacy.

The absence of one or more of these conditions, while not necessarily fatal, seems very likely to make prudent long-term policy making more difficult. For instance, the risk of long-term policy failure is bound to increase where the evidence base or analytical capacity is weak and/or administrative capability is limited.

Sound domestic policy frameworks, of course, are not enough. Wise environmental stewardship by individual nations, for instance, can readily be undermined by deficiencies in other countries or by inadequate international governance of the global commons. Likewise, responsible fiscal management in some countries may be undermined by imprudent fiscal policies elsewhere or by the poor identification and management of systemic financial risks. Moreover, it is by no means clear what combination of policies will help establish, or best sustain, the necessary capacities, motives, constraints and incentives. This matter deserves careful investigation.

Accordingly, some hard, rigorous thinking is needed about the merits of the various intervention logics that can be identified. Such an analysis will help clarify how specific policy proposals are expected to work and why these expectations might be thwarted – or at least not fully realized. It will also help in evaluating the effectiveness of the different reform options on offer and the conditions under which specific interventions are most likely to make a constructive contribution to the overall goal of protecting the interests of future generations. For instance, what particular kinds of commitment devices appear to generate the most effective constraints on decision makers or have the greatest long-term impact on political incentives?

Of course, if the causes of short-termism are as deep-seated as Thompson and many others believe, then we need to be utterly realistic about the extent to which the problem can be 'solved'. But as with other 'wicked' policy problems, this certainly does not eliminate the possibility of improvement. And this must surely be our goal: after all, our futures, and those of generations to follow, depend on it.

References

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Table 1: The intervention logics underpinning four proposals to enhance policy farsightedness

Proposal	Intervention logic	Core assumptions	Risks and problems	Empirical evidence
Insert specific wording in constitutions to protect the interests, needs and/or rights of future generations (or to protect a healthy environment)	Decision-makers in democracies can be constrained by the rule of law (legal authority) to give greater protection to future generations	› The constitution is able to be changed › The new provisions are appropriate and justiciable › Relevant cases come before the courts › The courts give weight to the relevant provisions and are willing to override the legislature › The courts are authoritative and their rulings are adhered to	› Some democracies lack an entrenched written constitution › One or more of the assumptions is not valid › The revised constitution results in less protection for future generations than expected and is difficult to change	› Few relevant cases have been brought before the courts in countries with specific constitutional protection for future generations (or the environment › Little impact on policy or overall outcomes
Establish institutions (legislative, executive, etc.) with specific long-term analytical and advisory responsibilities (e.g. a Parliamentary Committee for the Future, a Sustainable Development Commission)	Institutions of this kind can encourage policy farsightedness by changing the structure of political incentives – via better information, risk identification, analysis of long-term issues and options, contributing to enhanced political debate, public understanding and accountability	› The institution is adequately resourced › Analyses are rigorous, with clear policy implications › Reports attract political and public attention, and prove persuasive › Governments change policy settings in response	› One or more of the assumptions is not valid › The institution is not durable	› Many institutions of this kind have been created › Many have not survived › Few appear to have had a significant or on-going influence on policy
Require regular fiscal (or environmental) sustainability reports by an independent agency (e.g. the Office for Budget Responsibility) – and require a timely government response	Regular reports of this kind can encourage policy farsightedness by changing the structure of political incentives – via better information, risk identification, analysis of long-term issues and options, and mandatory government responses contributing to enhanced political debate, public understanding and accountability	› The institution is adequately resourced › Analyses are rigorous, with clear policy implications › Reports attract political and public attention, and prove persuasive › Governments change policy settings in response	› One or more of the assumptions is not valid › The credibility of the institution is undermined › Regular reporting is discontinued	› Many countries have instituted regular reporting of this kind, especially on fiscal sustainability matters › There is as yet little evidence of such reports having had a major impact on policy
Institute substantive policy rules for maintaining aggregate stocks of natural capital (e.g. at the national level)	Such rules serve as commitment devices, and can constrain decision makers and change the political incentives they face – via new and better information, specific goals/targets, etc. contributing to changes in public attitudes/values, and enhanced accountability for performance	› 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 effective implementation and 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	› Reaching agreement on meaningful and enforceable rules, especially for non-renewable natural capital, may be difficult › One or more of the assumptions is not valid › Maintaining aggregate stocks may be insufficient where significant ecological damage or degradation has occurred	› Such rules have yet to be implemented › Global application would be necessary for goals to be fully realized