

Protecting Long-Term Interests in a Short-Term World: Issues and Options

Jonathan Boston

Wellington School of Business and Government

Victoria University of Wellington

December 2021

The challenge of long-term governance

*We know that we are stewards
of a precious 'pale blue dot' in a
vast cosmos with a future
measured in billions of years.
But despite these vastly
expanded conceptual horizons,
politics and economics are
short-term and parochial*

Lord Martin Rees

former President of UK Royal Society



Protecting Long-Term Interests in a Short-Term World

The task of protecting humanity's long-term interests, including the interests of our 'future selves' and those of future generations, is vitally important and increasingly urgent, not least because of the multiple, serious, and ever-increasing long-term risks facing policy-makers, both globally and locally.

This presentation focuses on two main issues:

1. the options for protecting long-term interests and improving the quality of long-term democratic governance
2. how to choose which option(s) to pursue – i.e. what are the relevant selection criteria?

Outline of presentation

1. Key assumptions (see Appendix 1)
2. Long-term governance challenges (Appendix 2)
3. Protecting long-term interests – multiple proposed ‘solutions’
4. Assessing the options for reform
5. Lessons for reformers
 - setting priorities
 - being strategic and tactical
 - embedding long-term interests within mainstream decision-making structures and processes across all sectors
 - ensuring a conducive political culture

Long-term Governance Challenges

This presentation draws on insights and lessons from my personal involvement in various research projects and initiatives for constitutional and policy reform over recent decades, mostly in Aotearoa New Zealand, including:

- climate change mitigation and adaptation
- reducing child poverty
- improving environmental governance
- reforming the electoral system and Parliament

Protecting long-term interests: multiple proposed 'solutions'

1. Numerous researchers, policy advisers, elected officials, civil society leaders etc. have suggested 'solutions'
2. These 'solutions' can be classified in multiple ways, but they include, in no order of importance:
 - Constitutional – electoral, allocation of functions, new and additional human rights, transfer of decision-rights to non-elected bodies, new deliberative mechanisms
 - Institutional – global, national, sub-national
 - Policy commitment devices – procedural and substantive
 - Analytical – foresight, planning processes, accounting rules, methodologies
 - Evidential – new and additional data, R&D, science-policy interface
 - Cultural – changing the 'authorizing environment', building trust & shared societal values
 - Political economy – changing the structure and power of interests
 - Initiatives focused on civil society organisations and businesses
3. Underpinning each proposed 'solution' is a rationale, theory of change or intervention logic; these vary in their specificity, rigour, and evidence base

Explanations and implications

Explaining the enormous number and range of proposed 'solutions':

- There are numerous distinct diagnoses of the nature of the problem – arguably reflecting its multi-faceted and complex features
- These diagnoses often reflect disciplinary perspectives, methodologies & assumptions

Implications for reformers:

- Apply multiple assessment criteria
- Be wary of simple 'solutions' or single solution 'types', whether constitutional, institutional, behavioural, cultural, etc.
- Be wary of narrow disciplinary 'biases' – prefer multi-disciplinary analyses and approaches
- There are no silver bullets, but improvement may be possible in some contexts

Assessing the proposed 'solutions'

1. **Suggested assessment criteria**
 - feasibility, likely effectiveness, desirability
2. **These criteria raise many issues**
 - methodological, evidential and normative
(e.g. limited evidence, uncertainty, attribution problems, interdependencies, conflicting values, etc.)
3. **Some reform proposals are untested in practice**
 - develop and test intervention logics, use analogous cases
4. **Domain-specific issues**
 - what 'works' may be contingent on domain-specific or country-specific characteristics

Assessing ‘solutions’ – comparative analyses

1. One option is to evaluate the relative performance of democratic countries in protecting long-term interests and then, based on this analysis, seek to adopt the institutional arrangements and policy frameworks of the best performing jurisdictions
2. Comparative analyses (e.g. O’Neill, et al, 2018) use various indicators of intergenerational justice or sustainable governance; indices of intergenerational fairness; measures of comprehensive wealth, etc.
3. Problems:
 - Methodological – gaps in evidence, weighting of indicators, limitations of composite measures, etc.
 - Evidence: even the best performing countries are failing to meet the basic needs of their citizens within a globally sustainable level of resource use; they are ‘consuming’ their future at an unsustainable rate

See: Daniel O’Neill et al (2018) ‘A good life for all within planetary boundaries’, *Nature Sustainability*, volume 1, pp. 88–95 <https://www.nature.com/articles/s41893-018-0021-4>

Protecting Long-Term Interests: Lessons for reformers

What follows are some considerations to guide the selection of reform approaches and options:

1. Setting priorities
2. Being strategic and tactical
3. Embedding long-term interests in decision-making institutions, structures and processes, in both the governmental and non-governmental sectors
4. Ensuring a conducive political culture - societal trust, shared values and democratic norms

Lessons for reformers – prioritization

1. Where to focus efforts to protect long-term interests?
 - no simple or universally correct answers
2. Long-term policy problems differ in important ways:
 - magnitude of risk
 - duration and reversibility of damage
 - linearity – risk of tipping points
 - immediacy or apparent urgency
 - tractability – may depend on context
3. Important to give particular attention to problems that generate irreversible impacts, and also creeping policy problems – ‘out of sight, out of mind’ and thus easy to ignore

Lessons for reformers – strategies

Being strategic and tactical:

- take the long view – need ongoing reform
- focus on both procedural and substantive reforms; this includes deliberative and collaborative processes
- seek additional institutional ‘voices’ for the future, but recognize the limitations of ‘voice’ alone
- seize windows of opportunity – crises, changes of government
- recognize the role of policy entrepreneurs who can build reform coalitions
- select reform initiatives that are likely to attract multi-party support
- choose policy ‘framings’ that have broad appeal and help reduce the attraction of ‘blocking coalitions’

Lessons for reformers – embedding long-term interests

1. Embedding or mainstreaming long-term considerations into all aspects of public and private governance is essential
2. The goal: ensuring that decision-makers consider future-oriented interests (e.g. long-term risks, intergenerational wellbeing/justice, etc.) as an integral part of normal, everyday policy-making processes; not just exceptional cases
3. This means ‘hard-wiring’ the long-term comprehensively into decision-making processes in multiple contexts:
 - all international organizations
 - all levels of government
 - all policy domains
 - all parts of the public and private sectors, for-profit and non-profit

Lessons for reformers – embedding long-term interests

4. At the governmental level, embedding long-term interests must include:

- **policy analysis** – CBA, discounting, shadow pricing, valuing non-market goods, intrinsic values, intergenerational impact analyses
- **budgetary processes** and fiscal reporting – e.g. setting spending priorities and allocative criteria, assessing budgetary impacts on key long-term goals and outcomes, developing comprehensive national balance sheets, recording long-term environmental liabilities, pricing negative externalities, sovereign wealth funds, etc.
- **capital expenditure** – public infrastructure and procurement
- **planning systems and processes** – spatial, urban, regional, district
- **regulatory regimes** and regulatory stewardship
- **public management systems** – strategic planning, financial management and accounting systems, performance management, monitoring and reporting, etc.

Lessons for reformers – embedding long-term interests

5. How to embed long-term interests in ways that make a difference to decision-making?
 - one answer: '**policy commitment devices**'
 - such devices are designed to address the long-term compliance problem or time inconsistency
 - they incentivize decision-makers to adopt and then follow a long-term strategy; they serve to make reneging or backsliding more difficult – morally, politically, administratively, etc.
 - such devices can take various forms:
 - constitutional versus non-constitutional
 - legal versus non-legal
 - substantive versus procedural
 - such devices vary in their effectiveness

Lessons for reformers – embedding long-term interests

Examples of legal commitment devices:

1. requirements for governmental bodies to consider the interests of future generations (or long-term outcomes) when drafting bills or regulations
2. requirements for governments to adhere to substantive policy rules or principles – e.g. fiscal responsibility, environmental sustainability, sustainable retirement policies ...
3. requirements for governments to adhere to the precautionary principle
4. requirements for governments to maintain (or enhance) specific capital stocks – natural, human, social, manufactured, etc.
5. requirements for governments to set long-term policy targets in specific areas and monitor performance
6. requirements for regular, independent risk assessments
7. requirements for regular, independent, long-term policy reviews in multiple policy domains

Lessons for reformers – embedding long-term interests

Note:

- the Sustainable Development Goals – broad, comprehensive
- the Glasgow Financial Alliance for Net-Zero
- the Carbon Disclosure Project and related domestic legislation
- integrated reporting
- greening economic policy



Environmental Governance and Greening Fiscal Policy

Government Accountability for
Environmental Stewardship

Murray Petrie

Lessons for
reformers –
embedding
long-term
interests

Lessons for reformers – safeguarding a conducive political culture

1. Protecting long-term interests requires durable bipartisan or multiparty agreement on major policy initiatives
2. Securing and maintaining such agreement is easier in authorizing environments with high levels of political/societal trust and shared values
3. Securing a conducive enabling environment for sound long-term governance is hard, and seems destined to get harder

Lessons for reformers – safeguarding a conducive political culture

4. The current political context is marked by declining political trust and increasing ideological polarization in many democracies, exacerbated by:
 - the COVID-19 pandemic
 - social media – echo chambers, confirmation bias, algorithms
 - autocratic regimes/leaders, cyber attacks, fake news
 - increasing income and wealth inequality
 - increasing socio-cultural diversity, religious intolerance, etc.
 - illegal migration, etc.
5. Such processes will be hard to reverse – indeed, there is a risk of increasing polarization and more illiberal/anti-democratic movements
6. Climate change, biodiversity loss, and other ecological problems will be risk multipliers and exacerbate current political tensions

Conclusions

1. Protecting humanity's long-term interests is critically important
2. Many current policy settings globally and locally are likely to contribute to serious, extensive and irreversible harm
3. There are strong incentives for governments to focus on near-term issues and interests
4. Counting these short-term imperatives is hard and requires a concerted, multi-pronged approach; there is no single or simple 'solution'
5. Reformers need to prioritize, be strategic and tactical, embed long-term interests in mainstream decision-making institutions, structures and processes, and counter current polarizing forces
6. This requires a wide range of policy commitment devices, both procedural and substantive

Appendix 1:

Key assumptions and propositions

1. Human beings have equal moral value irrespective of their time and place of birth
2. Intergenerational justice matters; this includes meeting basic human needs now and forever
3. Human beings have an ethical responsibility to preserve, protect, and restore the natural environment
4. Some ethical values conflict. Human beings have multiple and competing interests; this includes competing future interests
5. Difficult policy trade-offs are unavoidable; these include both intragenerational and intergenerational trade-offs

Key assumptions and propositions

6. Human beings, including democratically elected officials, tend to favour short-term interests over long-term interests – but this tendency varies overtime, across policy domains, and between countries
7. Political short-termism has multiple causes – behavioural, epistemic, ethical, electoral, political economy, institutional, analytical, etc.
8. Humanity currently faces many critical long-term risks and policy challenges – economic, social, cultural, ecological, constitutional, security, health-related, etc.
9. The range and gravity of these challenges makes the quest for enhancing long-term democratic governance both urgent and critical

Appendix 2

Long-term Governance Challenges

1. Rapid and massive spread of infectious diseases
2. Biophysical limits/planetary boundaries
 - climate change mitigation and adaptation
 - biodiversity loss
 - pollution
 - freshwater (mis)management
3. Major natural disasters
4. Large-scale involuntary migration
5. Breakdown of critical infrastructure and networks
6. Fiscal management – rising public debt
7. Population growth and ageing
8. Socio-cultural diversity – clash of cultures
9. Fourth industrial revolution (Rifkin – Third)
10. Fragile states, civil strife, loss of trust, fake news, threats to democracy, etc.

Some 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. Jonathan Boston, *Governing for the Future* (Emerald, 2017)
4. Jonathan Boston, *Safeguarding the Future* (BWB, 2017)
5. Jonathan Boston et al. *Foresight, insight and oversight: Enhancing long-term governance through better parliamentary scrutiny* (IGPS, 2019)
6. Leon Fuerth with Evan Faber, *Anticipatory Governance: Practical Upgrades* (George Washington University, 2012)
7. Alan Jacobs, *Governing for the Long Term: Democracy and the Politics of Investment* (Cambridge University Press, 2011)
8. Oxford Martin Commission, *Now for the Long Term: The Report of the Oxford Martin Commission* (Oxford, 2013)
9. Wieke Pot, *Deciding for tomorrow, today: What makes governmental decisions about water infrastructure forward looking?* (Netherlands, 2020)