Focusing on Foresight

By David M. Walker

Nearly a century ago, one of my favorite U.S. Presidents, Theodore Roosevelt, said, “We have to, as a nation, exercise foresight... and if we do not exercise that foresight, dark will be the future.” These words resonate with me, and I expect they also resonate with you.

Unfortunately, much of our world, including the United States, is consumed with the here and now. Far too little thought is given to what’s come before or what lies ahead.

• Too many individuals tend to focus on their next paycheck.
• Too many company executives focus on the next quarterly earnings report.
• Too many politicians focus on the next election cycle rather than the next generation.
• And too many countries focus on their current position in the world while forgetting that we’re all inhabitants of planet earth.

But whether we’re talking about a government, a not-for-profit entity, or a for-profit company, it’s vital for an organization to understand the big picture, to learn from the past and others, and to prepare for the future. With change comes both opportunities and risks. Furthermore, change is inevitable and essential for innovation. However, it’s also important to understand how organizations and others can manage change.

This evening, I was tempted to talk primarily about the megatrends and long-term challenges facing the United States and many other countries around the world. Frankly, such trends drive much of the work my agency, the U.S. Government Accountability Office (GAO), is doing today. GAO’s strategic trends are forward looking, vertical, and horizontal in nature. They span geopolitical and economic sectors, and they’re based on an environmental scan using input from our employees and many outside players, including futurists like Alvin Toffler and Edie Weiner, who serve on one of GAO’s advisory committees. In fact, our strategic plan includes a number of trends and I’ll touch on them later.

But I realize I’m speaking to an audience that lives and breathes future-oriented issues. I suspect there’s little I could tell you that hasn’t already appeared in a futurist newsletter or been the subject of a panel discussion at this conference.

So, while I will discuss a couple of the more significant long-term challenges facing the United States and the world community, I’m going to focus on the steps that government agencies like GAO can and should take to help position their governments for the future. This includes promoting improved governance structures to address a broad range of 21st century challenges and capitalize on related opportunities.

But, first, I think it’s important to understand how myopia or shortsightedness can undermine a nation’s willingness and ability to act. In the case of the United States, strong economic growth, modest inflation levels, relatively low interest rates, and our current superpower status have given many policymakers and the American public a false sense of security about our nation’s current position and future prospects.

Even though we know a demographic tsunami is building silently offshore—I’m referring to the impending retirement of our baby boom generation—America continues to party on and pile up record levels of debt.

On the other hand, recent history shows that some nations have begun to act on their long-term challenges. For example, two nations chose to face their fiscal facts and made difficult decisions that caused some short-term pain in the interest of long-term gain. I’m speaking about Australia and New Zealand. Like the United States, these two countries have aging populations. However, unlike the United States, these two countries have long-term fiscal imbalances, including their overburdened and underfunded public entitlement programs.

Australia and New Zealand are works in progress, but at least their leaders have addressed this large, known, and growing challenge.

When it comes to fiscal and other public policy issues, Supreme Audit Institutions (SAI) can help focus attention on what lies ahead. Most governments have an SAI. In the case of the United States, it’s my agency, the U.S. Government Accountability Office (GAO). In the case of Canada, it’s the Office of the Auditor General, headed by my friend and colleague Sheila Fraser.

Over the years, government auditors have earned a reputation for independence and professionalism. We’re known for putting the facts on the table and providing policymakers with timely, reliable and objective information. Not everyone may like what we have to say, but we have an important role to play in promoting transparency, improving performance, ensuring accountability, and speaking truth to power. The truth is that sound policy choices are more likely when policymakers are equipped with solid facts and nonpartisan analyses rather than ideological arguments and partisan political spin.

David Walker is the Comptroller General of the United States. This speech was given to the World Future Society Conference, Toronto, Canada, on July 28, 2006, and is reprinted here with permission of the United States Government Accountability Office.
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to maintain a focus on the future. These trends have also encouraged knowledge sharing both domestically and internationally. In turn, this has led to greater cooperation on a range of shared sustainability challenges, including fiscal, energy, environmental, and other key issues.

So what themes or trends does GAO expect to concentrate on in the coming years? Perhaps the most urgent issue is America’s worsening financial condition and growing long-term fiscal imbalance. Long-term fiscal analyses by GAO and our sister agency in the legislative branch, the Congressional Budget Office, show that federal deficits will grow to unsustainable levels in as little as two decades. At that point, without significant policy changes, federal deficits could reach 10 percent or more of our economy. States and local governments face increasing future fiscal pressures as well. Largely because of our aging population, rising health care costs, and relatively low revenues as a percentage of the economy, America faces decades of red ink.

Clearly, a crunch is coming and eventually all of government will feel its impact. If America continues on its current course, it’s only a matter of time before our ship of state hits the rocks. To put us on a more prudent and sustainable long-term path, the federal government must begin to make tough choices in connection with budget systems, legislative processes, entitlement programs, spending patterns, and tax policies. There’s no way we will grow our way out of our fiscal hole. The sooner we begin to act, the better because, as the world’s largest debtor nation, time is working against us.

The fact is that many other nations also face long-term fiscal risks. For example, a 2005 European Union report warned of unsustainable public finances in about half of the European Union member states, primarily because of the growing old-age dependency ratio.

As a citizen, a senior government official, and a father and grandfather, I take America’s fiscal imbalance very seriously. It’s not just a matter of numbers, it’s also about values. It’s easy to forget that deficits eventually have real-life consequences for real people, including our own children and grandchildren. As a result, I’ve been speaking out on this issue with increasing frequency and urgency in recent years. Raising public awareness, whether through audit reports, congressional testimony, speeches, radio commentaries, or opinion pieces, is an important part of GAO’s and my foresight role.

Some members of Congress seem to be getting the message, but it’s going to take years of sustained effort to get America’s fiscal problems under control. It’s important that we do so, not just for our own sakes but also for the sake of the global economy. After all, as the old saying goes, when America catches a cold, the rest of the world may catch the flu.

Beyond America’s staggering fiscal challenge, GAO is keeping a close watch on several other long-term trends, many of which have no geopolitical boundaries. These trends include changing security threats, globalization of trade and financial markets, changing economic models, growing gaps between the haves and the have-nots, demographic changes, immigration patterns, energy supply and security issues, environmental concerns such as climate change and sustainable development, health care challenges, education needs, rapidly evolving science and technology, changing governance structures, and a range of other issues.

Time doesn’t allow me to address all of them. However, transforming existing governance structures is a theme that’s especially important to GAO and worth elaborating on. As the pace of change accelerates in every aspect of life, national governments face new and more complex challenges that they cannot address alone. If we’re to meet the public’s wants and needs in light of the long-term trends I’ve just mentioned, governance systems in America and most other countries must be revised.

In the 21st century, an effective governance structure recognizes that more and more policy challenges require multilateral action. We’re also going to need greater coordination among various levels of government and the private and citizen sectors both domestically and internationally. The plain but simple truth is that no nation in today’s world, including the United States, can or should go it alone.

Beyond changing our governance approaches, we also need to consider how we keep score. In my view, key national and outcome-based indicators can help policymakers better assess a nation’s status, its progress over time, and its position relative to other nations on issues like public safety, health care, housing, education, and the environment. Such indicators can help guide strategic planning, facilitate foresight, inform agenda setting, enhance performance and accountability reporting, and encourage more informed decision making and oversight, including much-needed and long-overdue efforts to reengineer the base of our federal government.

Key indicator systems are now used by various supranational and international entities, including the European Union, the Organization for Economic Co-operation and Development (OECD), and the United Nations. For years now, several countries, including Australia, Canada, and the United Kingdom, and even some U.S. states and localities, have used indicators to prioritize and target public resources. It’s time the U.S. government did so as well. However, rather than a strictly federal initiative, this needs to be a national effort enlisting all levels of government, businesses, think tanks, nonprofit groups, and others.

We at GAO are working with the National Academies of Sciences, the OECD, and others to help make key national indicators a reality in the United States and elsewhere. Furthermore, the International Organization of Supreme Audit Institutions (INTOSAI), which serves as the umbrella organization for national audit offices worldwide, has adopted key national indicators as one of the two main themes for its 2007 Global Congress in Mexico City. Representatives from over 150 countries will address this topic and long-range fiscal challenges and related public debt issues.

U.S. civilian agencies, including GAO, have started using another foresight tool long familiar to our defense agencies: scenario planning. For years, this technique has played an important role in GAO’s work on America’s long-range fiscal imbalance. More recently, we’ve used scenario planning concepts to assess our nation’s preparedness for natural disasters like Hurricane Katrina. We’ve found that using a range of realistic scenarios helps agencies responsible for emergency preparedness to identify and address various risks and possible gaps in capabilities—before a catastro-
phe hits. These scenarios can also help to identify redundancies and conflicts that need to be addressed.

But tools like strategic plans, key indicators, and scenario planning aren’t enough. The truth is, with the range of complicated problems I’ve just described, nations, institutions, and individuals are going to need to change the way they think and act. Among other things, they will need to join forces and partner for progress. By applying our collective expertise and experience to shared challenges, we can vastly increase our chances for success while avoiding common mistakes.

Politicians and civil servants must be willing to reach across institutional and geopolitical lines to share knowledge. Partnerships can be forged not only among various government agencies but with businesses and nonprofit groups. This approach can and should be used domestically as well as internationally.

Fortunately, more countries are recognizing the need to partner for progress. As never before, Europe is working together and making strides on a range of issues of mutual interest and concern. So far, we’ve seen important reforms in areas like public finance, immigration, and the capital markets.

The accountability profession, in which GAO is a leader, is also making strides on a range of issues of mutual interest and concern. For example, GAO led efforts to develop the first-ever strategic plan for INTOSAI. INTOSAI’s members have enthusiastically embraced the plan, and it will undoubtedly help to raise the organization and its members to new heights in the years ahead.

If we expect to successfully tackle the tough issues I’ve described tonight, we’ll need more leaders in the United States and elsewhere with four key attributes. These attributes are courage, integrity, creativity, and stewardship.

By courage, I mean people who state the facts, speak the truth, and do the right thing even if it isn’t easy or popular. By integrity, I mean people who practice what they preach and lead by example. People who understand that the law and professional standards represent the floor of acceptable behavior. People who set their sights higher and strive to do what’s right. By creativity, I mean people who can think outside the box and see new ways to address old problems. Individuals who have foresight and can help others see the way forward. Finally, by stewardship, I mean people who don’t just generate positive results today but who also leave things better positioned for the future when they depart their jobs and this earth. That’s what real stewardship is all about, and we don’t have enough of it today.

In closing, focusing on foresight is an important but often a thankless job. Frankly, it’s a subject with too few constituents. Consumed with the everyday demands of work and family, the average citizen in most countries probably doesn’t give foresight a lot of thought, much less demand their elected representatives adopt a forward focus. But the attendees at this conference are futurists as well as citizens. Whether you’re from the United States, Canada, or elsewhere, I hope you’ll lend your voice to this vital cause. It’s time for our leaders in all sectors of society [to] learn from the past and others while preparing for the future. It’s in our collective best interests, as well as the interests of our countries, our children, and our grandchildren, for them to do so.

Thank you for your time and attention.
Measures and Milestones 2006:
Trends Affecting Kentucky’s Future

**Economy — What sectors should Kentucky focus on to help build and sustain prosperity?**
Kris Kimel, President, Kentucky Science and Technology Corporation, will present research on what it will take to catapult Kentucky’s economy forward.

**Health — What health issues present the greatest challenge to the Commonwealth’s future?**
Susan Zepeda, Executive Director, Foundation for a Healthy Kentucky, will lead a panel discussion of results from a statewide public deliberation project on health issues.

**Aging Population, Fraying Benefits — How will Kentucky accommodate the needs of its growing population of elders, particularly in light of declining benefits?**
Graham Rowles, Graduate Center for Gerontology at the University of Kentucky, will present findings from the Kentucky Elder Readiness Initiative, and Michal Smith-Mello, Senior Policy Analyst, Kentucky Long-Term Policy Research Center, will discuss the changing landscape of retirement benefits.

**Broadband & Technology — How can broadband and technology-based development help Kentucky remain a place where people will choose to live, work, or raise a family?**
Brian Mefford, President and Chief Executive Officer, ConnectKentucky, will discuss how this nationally acclaimed initiative can move our communities toward a brighter economic future.

**Education — What challenges remain for Kentucky in its quest for educational excellence?**
Bob Sexton, Executive Director, Prichard Committee for Academic Excellence, and Jim Applegate, Vice President for Academic Affairs, Kentucky Council on Postsecondary Education, will discuss the basics of educational advancement in Kentucky.

**Environment & Energy — What do these inextricably linked issues portend for the future?**
Jo Hargis, Executive Director, Kentucky Environmental Quality Commission (EQC), along with the Director of the Kentucky Office of Energy Policy, will discuss environmental and energy trends and their implications for the economy, public health, and other issues.

**Immigration & Demographics — How will Kentucky’s demographic profile change in the years to come and what do these changes portend for the state’s future?**
Ron Crouch, Director, Kentucky State Data Center, University of Louisville, and Mark Schirmer, Research Assistant, Kentucky Long-Term Policy Research Center, will share projections on the immigrant population and discuss their implications for the state’s future.

**Agriculture — What forces are shaping the future of farming in Kentucky and how will rural Kentucky fare?**
Keith Rogers, Executive Director, Governor’s Office of Agricultural Policy, will present the results of 13 public meetings being held across Kentucky to discuss the future of the Agricultural Development Fund and what it suggests about Kentucky’s long-term plan for agricultural, community, and rural development.

**Leadership and Civic Engagement — How can Kentucky’s communities marshal the civic energy required to shape a more prosperous future?**
Sylvia Lovely, Executive Director/CEO of the Kentucky League of Cities and President of the NewCities Institute, will discuss strategies for cultivating much-needed civic leadership and engagement in solving the problems and seizing the opportunities Kentucky’s communities face.

November 14, 2006
Lexington Convention Center
Nominations for the 2006 Vic Hellard Jr. Award are now being accepted. Given annually by the Board of the Kentucky Long-Term Policy Research Center in memory and recognition of Mr. Hellard’s leadership and service to the Commonwealth, this honor recognizes one who, by his or her example and leadership, has advanced citizen goals for the future. The deadline for nominations is September 15, 2006. For more information or to submit a candidate, please visit the Hellard Award page at <www.kltprc.net/hellardaward.htm> or contact the Center. Award presentation will be on November 14, 2006, at the Center’s 13th annual conference, Measures and Milestones 2006: Trends Affecting Kentucky’s Future at the Lexington Convention Center.