

**TOPICS INCLUDE:**

- Risks and consequences of a reactive government: the importance of foresight
- Inhibitors to foresight and anticipatory action in government
- Two “over the horizon” issues that government — and society — should be focusing on now
- Research from GAO, Gallup, and The Council for Excellence in Government on government’s facility with looking ahead and being proactive

## Federal Foresight

Leading experts discuss what government can do to help create the future for our society

**EXECUTIVE SUMMARY:**

Looking ahead isn’t just a slogan. Our government, and all of us, must shift our thinking to prepare for the challenges we face over the horizon. In April 2008, Toffler Associates<sup>®</sup>, the consulting firm founded by Alvin and Heidi Toffler, authors of *Future Shock* and *Revolutionary Wealth*, assembled public and private sector leaders to answer an essential question: “What can government do to create the future?” These are the highlights of that stimulating and innovative discussion.

## Federal Foresight: Addressing What's Over the Horizon

The reality is that our world is changing faster than ever before. Interconnecting events are combining to produce exponentially greater impacts on our government, our society, and our nation. It's no longer enough for any of us—but especially for government—to react to the challenges that emerge from this accelerating pace of change as they arise. Government must *anticipate* these challenges and understand how looking ahead can mitigate their impact.

Government does see the need to look ahead. For example, former head of the U.S. Government Accountability Office (GAO) David Walker fostered a mindset during his tenure that the responsibility of that agency was not only to enhance the insight and oversight it offered Congress with respect to critical national issues and to the workings of government, but also to build up its “foresight.” This perspective and commitment are reflected in more and more of GAO's work every day.<sup>1</sup>

Several years ago, members of Congress even approached the authors of this paper and futurists Alvin and Heidi Toffler for their advice on how to structure a “foresight committee” as one means to address government's need to become less reactive, and more proactive in solving the issues it faces now and will face in the future.<sup>2</sup>

Toffler Associates, the advisory firm the Tofflers later founded, continues to work on the essential question of how to build more foresight into government. As part of this ongoing effort, we recently assembled a group of senior executives from government, industry and other disciplines to discuss what these leaders believe we must do to enhance government's ability to see over the horizon in terms of the environment our nation will be facing.

Part of an ongoing program sponsored by Toffler Associates, this April 2008 dinner and discussion was designed stimulate a freewheeling exchange of ideas around a key question that anchored our central theme of foresight:

“Whatever the problems and opportunities of the future may be, we all know that our success with them will be the result of forward-looking collaboration between businesses and philanthropists and academics and everyday citizens and government.”

—Steven Kenney, Toffler Associates

**What are the most critical challenges and opportunities our nation faces in the future, and how can government take an ever more proactive role working with business and other societal institutions to address them?**

The purpose of this event was not to analyze the issues we're facing in today's world. It was to think through what we must do to adapt our government, and our society in general, so that we can better face the challenges that are coming next.

## Defining the Problems of a Reactive Government

To understand why this discussion is so important, consider a recent report by the GAO that states that, if we continue our current policies in the face of evident demographic and other trends, balancing the budget in 2040 could require:

- Cutting total federal spending by 60 percent
- Raising federal taxes to two times today's level<sup>3</sup>

In effect, these dire projections assume government will not act until the problem comes to a head—they assume government will not have the foresight to make the hard decisions in the near term that would forestall what we already know will be harder decisions in the future. Instead, government appears poised to hope that our current economic growth will address the issue. The report goes on to state that if government gets to work on the challenge now, less drastic changes will be needed and there will be more room to make adjustments over time.

The lesson here is that the issues and dramatic events that our nation will be facing tomorrow can have their consequences reduced, mitigated or potentially avoided altogether—if government can get better at anticipating those consequences and, even more importantly, thinking through and beginning to take today the actions that will get us out in front of those consequences.

The fact is that most of the challenges government faces today are large and complex enough that if we simply react to them—as opposed to anticipating them—it's already too late.

## Two Reasons Why Government is More Reactive than Proactive, and What Can Be Done

Participants in the dinner discussion identified two key reasons why government is currently more reactive than proactive, and they identified some solutions that government could use to strengthen its ability to gain foresight into the future.<sup>4</sup>

### The Problem of Synchronization

Participants agreed that American society and the structures that underpin it are going through a process of transformatory change spurred by the ongoing shift from an industrial-based to a knowledge-based economy.

- Knowledge skills are more important than traditional tradecraft skills. We are now able to create higher wealth and value in society much more rapidly through the use knowledge and information, rather than just the use of traditional manufacturing.
- The result of this shift extends far beyond the economy itself, with the consequent changes causing different institutions of our society to move at different speeds. Business tends to move fastest, with less-fettered access to highly innovative applications of the latest tools and technology. Institutions such as the American family tend to move relatively more slowly, affected in different ways by the changes in how we make wealth and by advances in technology. What we see is a growing mismatch between the demands of a fast-growing knowledge-based economy and the institutional structures of the old society.

The problem is that the institution of government is even less well structured to keep up with the change occurring in the rest of society than many other societal institutions. The dominant “design model” of the industrial age—bureaucracy—is more entrenched in government than in almost any other societal institution and prevents it from anticipating much of the change that is coming. In fact, the Tofflers have argued and participants in this discussion agreed, the force of the changes in multiple other sectors crashing into the government bureaucracy could cause agency after agency to become incapacitated simultaneously, and the interconnections between government and other sectors could create cascading effects. In other words, we could be facing “institutional Katrina’s” in the future.

## ***Synchronizing Government for the Future***

The dinner participants believed that we can, and must, do a better job of overcoming this “desynchronization” and changing our government to match—and even exceed—the pace at which society is changing and new challenges to our nation are forming.

Part of what’s needed to facilitate a fundamental shift from the entrenched bureaucratic model that has been in place since the 1950s is a shift of mindset from the over-focus on the “check and balance” function of government:

- Historically, government has been positioned, and positioned itself, primarily as a mechanism for monitoring and control over external variables such as the economy, infrastructure, etc.
- Over time, Federal agencies have extended this to an elaborate system of monitoring and control over internal variables—i.e., these agencies tend to spend an extensive (and growing) amount of time and effort keeping watch over themselves and each other.

While the participants agreed that the principle of check-and-balance remains vital (maybe even more so in this era of rapid change), they think government agencies need more focus on anticipating what some of the challenges will be in the future for business and NGOs and families and other societal institutions, and creating the conditions in which they create their own innovative checks and balances and solutions. This will enable all of the constituencies that make this country work to better address future as well as current challenges and opportunities.

On another level, participants agreed that to foster foresight and get government out in front of critical issues, structural barriers within and between agencies must be removed. Too often the structures and processes that “govern” government’s behavior have the effect of slowing the progress of new ideas and focusing us on the past instead of the future. Changing this means, among other things:

- “Overcoordination” must be eliminated. The approval processes within government must be streamlined so that the strategic thinkers within government agencies can move ideas horizontally as well as vertically.
- We need to search out and replace policies, procedures and customs that prevent good ideas from circulating within an agency, or from agency to

agency. Agencies need standards and systems that reduce bureaucracy and enhance communication across structural barriers.

- The incentive structure for government employees must be changed to promote foresight, innovation, and collaboration. Individuals and teams need to be rewarded and promoted for cooperating with other federal agencies, and for looking ahead and thinking proactively.

By making these changes, the participants felt we will begin a cultural shift to a mindset where the government evolves and adapts with the same sensitivity as some of the more fast-moving institutions of society.

### The Problem of Perception

The participants highlighted a second roadblock to government being more proactive, and thus more effective at helping ensure we withstand and thrive in the face of the challenges we face over the horizon: the problem of perception. Too many Americans—including too many individuals in government itself—believe government is *incapable* of foresight, and this (mis)perception in some ways seems to further erode the ability to anticipate and position ourselves in front of problems. This long-standing situation has been brought about by many forces that have slowly eroded confidence in government over time, including:

- A crisis of credibility, both real and perceived, driven by public failures in planning and execution of government programs.
- A media penchant for not diving deep enough into key issues that impact society, or into the plans our government leaders are considering to address those issues.
- A tendency in the populace to want quick solutions to the immediate issues, rather than a thoughtful exposition on the challenges that are over the horizon.

Although there was a spike in confidence immediately following the 9/11 attacks, faith in government has eroded significantly over the last 30 years, as the following research demonstrates.

### ***Trust in government (1958-2003)***

Just how much does the general public trust its government?<sup>5</sup>

	Just about always/Most of the time	Only sometimes	Never (Vol.)+	Don't know/refused
2003	36	55	5	4
2000	44	55	1	1
1994	21	74	3	2
1988	41	56	2	1
1982	33	62	2	3
1976	34	62	1	3
1970	54	44	*	2
1964	76	22	*	2
1958	73	23	0	4

+ Volunteered response \* means < 1%

The media dimension of this problem was a particular focus of the discussion. It's a simple fact that politicians are not rewarded for putting forth forward-looking plans to the general public. Immediate, dramatic problems drive news coverage, while detailed analysis of the challenges of the future—particularly if there are not any solutions yet devised for those challenged—takes a back seat.

Media and the media-consuming public tend to shy away from deep introspective answers, especially multiple interlacing answers, to complex problems (today's or tomorrow's), as these do not make for good soundbytes. Therefore, the motivation for the elected official to put together such complex plans is removed.

The participants did not have an immediate solution to this particular issue, but wished to highlight its importance.

## **Two "Foresight" Issues that Government, and Society, Need to be Focusing on Now**

In the hope that government makes this transition to a more proactive model, there are two issues where participants believe foresight is particularly needed.<sup>6</sup>

## Developing Future Leaders

In our new, information-driven society, we need the next generation of thinkers to enable and fuel our growth. But the participants felt that we are at risk of not preparing our younger generations to work and live in the 21st century, in large part (but not solely) because we are living with an outmoded educational system.

Returning to the metaphor of different societal institutions moving at different speeds, most agreed that if business is moving at 100 mph, then the education system is moving at 10 mph.

Our current system of education is not supporting the rich new information age we face. Public schools today were built on a model that fed the mass production industrial economy of yesterday. The participants believed this has had several important results:

- Parents are deeply concerned about the ability of their children to compete with increasingly highly skilled individuals educated in other countries, with an ultimate loss of high-tech and other premium jobs overseas.
- Many parents do not trust the public education system to educate their children, and are now sending their children to private schools.
- Bringing it back to government, those who pursue careers in public service, while well-educated, are in fact schooled in the bureaucratic mindset of the past — the one we need to move away from in the future.

60% of the Federal government's General Schedule employees (rank and file workforce) — and 90% of the Senior Executive Service (government's top managers) — will be eligible to retire in the next ten years. What's at risk is the loss of talent, continuity, important technical expertise, and critical institutional knowledge.

But there is a bright spot. Despite predictions to the contrary, a full 34% of those aged 18-29 have an interest in working for the federal government regardless of whether they are currently seeking a job.<sup>7</sup>

***Are we doing what we need to be doing to prepare the next generation to lead this nation?***



### *Injecting New Life into Education*

The participants recommended some steps for reforming our current approach to formal education and better preparing our school system (at all levels, from elementary to secondary to university) to keep pace with not only our own society, but the hyper-competitive global economy:

- We must encourage collaboration among students, not hinder it. Email, PDA's, the Internet, instant messaging—today's students have more ways to access information and collaborate than ever before. But our current educational system stifles and restricts the kind of collaboration that can help young minds grow.
- Teachers must have higher expectations of their students. In this era of "sensitivity," a mindset has developed that respecting a student's individuality means not challenging that student to get outside of his or her comfort zone. The participants' view is that when teachers set high expectations, youngsters will meet them.

One participant cited the recent example of a university that suspended students for collaborating online to prepare for an exam—and this was an Internet based test!<sup>8</sup>

One participant cited the example of California, where it's against the law for a student to take an IQ test—making it very difficult to identify a student who has learning challenges, and thereby put them into a class designed to address their needs.

Foresight demands that we look over the horizon to the leaders of our future. Just focusing on the formal education system is not enough—in the 21st century, developing the skills and capabilities of our young people happens in scores of other places and ways—or at least it can, if we're thinking ahead about how to expand and broaden the means we can create and employ for education. What more can we be doing as a nation to ensure the most synchronized and dynamic learning environment possible to stimulate the next generation? And what more can government do to anticipate the barriers to these new forms of education and to eradicate them before they stifle the innovation we need in this vital area?

## Protecting the Nation while Protecting our Future

The participants also highlighted a second “over-the-horizon” issue that government, and others, should be considering and taking action on today: the conflicts that are beginning to emerge between some of the short-term actions we’re taking to ensure our security versus our ability to be successful long-term in a dynamic and globalized economy and society. They cited two examples:

- In today’s globalized economy, we want to encourage the free flow of people and ideas across borders, including into the United States from abroad, but our security structures and regulations increasingly put restrictions on this “fuel for innovation.” Heavy security restrictions are in place, including extensive background checks when foreign businessmen and women enter the country, and limits on what American industries and ventures they can invest in. This results in many business people choosing to take their business elsewhere—London is now becoming the center for Middle-Eastern investors. The same dynamic is playing out in the arena of our universities and graduate schools in the form of more and tighter restrictions on enrollments of non-Americans, on what research can be published in open literature, etc. Yet the fact remains that our US economy has always thrived from the entrepreneurship of immigrants who studied here and stayed after graduation and leveraged the wealth of their fellow students’ and others’ ideas.
- In a larger sense, the substantial investments that our nation makes on security today are diverting investment away from long-term necessities, such as maintaining the critical infrastructure of this nation, remaking the education system, facilitating the growth of new industries, conducting research on critical medical issues, and so on. Participants considered whether these growing investments are the “enemies of our children’s future” even as they are ensuring a safe and secure environment for those children to live and grow up in today.

The dinner participants recognized, of course, the absolutely essential requirement of protecting our country against attacks and adversaries. The issue, in their view, was not that making substantial investment and substantial sacrifice for homeland security is unwise—just the opposite. But they also emphasized the “over-the-horizon” aspect of these investments and sacrifices, that is, the unintended consequences of actions we are taking today in this area. The responsibility of government, and of all of us, they suggested, is to consider these long-term (and in

some cases non-obvious) impacts and do all we can to ensure our actions today minimize damage to our long-term national growth and stability.

## Foresight for the Future

The participants firmly believed that our future can be bright. But at the end of the day our future is what we make of it. If government institutions continue with a “business as usual” mentality, they will be ill-equipped to deal with the over-the-horizon issues that they will soon be facing.

If all of us come together—ordinary citizens and government—and we’re willing to make the hard decisions and take action on our national challenges, then our foresight will become a tangible asset that will protect and ensure our country’s future well into the long term.

This paper is part of an ongoing series sponsored by Toffler Associates. Each paper documents the collaboration of members of the Toffler Associates network, some of the best minds and strategists in the world, to tackle the most critical challenges facing today’s world. Look for upcoming papers in the future as this series evolves.

## Bibliography

1 For example, see the agency's work on its "21st Century Challenges" series (information at <http://www.gao.gov/21stcentury.html>) and on national indicators (information at <http://www.gao.gov/aac/indicators.htm>).

2 Anecdotal reference related by Alvin and Heidi Toffler during the April 2008 dinner.

3 David M. Walker, "Saving Our Future Requires Tough Choices Today," (October 23, 2007), <http://www.gao.gov/cghome/d08234cg.pdf>

4 Issues identified and solutions presented are a synopsis and synthesis of comments made by multiple participants at the April 2008 dinner.

5 "Americans and Their Government: 1958-2004," The Council for Excellence in Government; American National Election Study, 1958 to 2002; New York Times/CBS News Poll, July 2003

6 Issues identified and solutions presented are a synopsis and synthesis of comments made by multiple participants at the April 2008 dinner.

7 "Within Reach . . . But Out of Synch: The Possibilities and Challenges of Shaping Tomorrow's Government Workforce," The Council for Excellence in Government and The Gallup Organization, December 5, 2006 (Updated May 22, 2007)

8 The names of all involved in this example have been excluded to protect confidentiality.

## Contact

Toffler Associates builds insight into what's next. Our mission is helping private sector businesses and public sector enterprises create their future, working with senior executives to overcome uncertainty, manage risk, and decide the best courses of action for dealing with and taking advantage of the challenges and opportunities of the "Third Wave" information age.



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