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 stepped up to the plate and took steps to deal with their long-range 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 ideological arguments and partisan political spin.

SAIs have traditionally been in the oversight business. As government watchdogs, we scrutinize how taxpayer dollars are spent and advise policymakers on ways to make government work better. Many SAIs, including GAO, also undertake a range of insight activities designed to improve government effectiveness. These activities include performance and value-for-money audits and benchmarking and best-practices studies.

I believe that in addition to providing oversight and insight work, SAIs can and should alert public officials to key emerging challenges and opportunities. I’m talking here about providing policymakers with valuable foresight. SAIs have several tools that can help bring a sharper focus to long-term policy issues. These tools include familiar practices like accrual accounting and program evaluation. But SAIs should also take advantage of other valuable methods that are well known to this audience, such as long-term modeling and scenario planning.

More than ever, SAIs have an opportunity to encourage early action on a range of important issues—before they reach crisis proportions and while they’re still manageable. Today, GAO is working hard to help members of Congress better understand the trends and challenges facing the United States and its position in the world. We’re also trying to help lawmakers grasp the long-term implications of current policy choices.
Our goal is for Congress to expand its horizon and its peripheral vision. We want policymakers to better understand where we, how we may look 30 or even 40 years out, and the collateral or ripple effects of various policies and programs.

For example, New Zealand and other countries have adopted fiscal sustainability reporting and various other measures that ensure a long-term focus. If they can do it, then the United States and other countries can and should do so as well.

In this spirit and in an effort to lead by example, GAO has published an unprecedented report called “21st Century Challenges” that asks a series of probing, sometimes provocative, questions about current government policies, programs, and operational practices. The report brings home how much of the U.S. government reflects organizational models, labor markets, life expectancies, transportation systems, security strategies, and other conditions that are rooted in the past. Clearly, the U.S. government isn’t alone in this respect. In this report, we’ve also sought to communicate important foresight concepts in language used and understood by policymakers. By the way, you can find this report free on GAO’s Web site at www.gao.gov.

At the same time, our federal government, like many others, continues to expand, with new projects and initiatives added every year. Our Congress and the White House rarely seem to question the wisdom of existing federal activities. As former President Ronald Reagan once said, “The nearest thing to eternal life we’ll ever see on this earth is a government program.”

The same goes for many tax policies. For example, just this summer, the U.S. government announced it will stop collecting a 3-percent tax on long-distance telephone calls. This doesn’t seem particularly startling until you realize that the tax had been introduced in 1898 to help pay for the Spanish-American War—a war that lasted only a few months!

Congress and the President need to decide which federal programs and policies remain priorities, which should be overhauled, and which have simply outlived their usefulness. I’m sure many other countries could also benefit from this kind of “spring cleaning.”

So, what’s been the reaction of policymakers to our 21st Century Challenges report? I’m pleased to say we’re seeing some hopeful signs in several areas that GAO has highlighted. For example, our government is taking seriously the need to plan ahead for the possibility of a global influenza pandemic similar to the one in 1918, which killed millions worldwide.

Our Congress is also keeping a closer eye on new trends on the nation’s highways, particularly the growing role that high-tech driver distractions, like cell phones, are playing in traffic fatalities. We’re also finally starting to see greater concern about our long-range fiscal imbalance and other key sustainability challenges like energy, health care, and the environment. Furthermore, recently proposed legislation would convene a commission of leaders to study entitlement and tax reform issues and recommend changes.
To better meet Congress’ information need on these emerging issues, GAO has developed an approach we call “grounded foresight.” We believe that to be credible, foresight work must have a strong factual and conceptual basis. Such work needs to ground all trends in evidence. After all, everyone’s entitled to their own opinion but not to their own facts! At the same time, such work also needs to clearly convey the uncertainty that’s inherent in foresight analysis.

Several key tools are available to encourage a forward focus. These tools include strategic planning, key national indicators, and scenario planning. Unfortunately, not all governments, including my own, have taken full advantage of these tools.

The value of a strategic plan is probably obvious to everyone in this room. By thinking more comprehensively, learning from the past and others, and focusing on the future, governments can better set priorities, target their efforts, add value, reduce risks, manage change, and capitalize on new opportunities. After all, if you don’t have a plan, you don’t have a prayer of maximizing value and mitigating risk!

In our case, GAO’s strategic plan defines our agency’s mission, goals, and objectives. GAO’s strategic plan also includes our agency’s core values. These values represent our institutional beliefs and boundaries that are designed to be timeless in nature. Furthermore, our plan also includes a range of key public policy trends and challenges that warrant attention from lawmakers and our agency. Because these trends and challenges lack geopolitical and sectoral boundaries, they are also relevant for many other nations, including Canada.

Acknowledging and understanding these trends have improved the contextual sophistication of our current work while helping us 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 catastrophe 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 taking steps to focus on the future and partner for progress. 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 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.
On the Web
Web site: www.gao.gov/cghome.htm

Contact

Copyright
This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.