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Research Report

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SWP Comment

NO. 33 MAY 2021

(Not) Lost in Foresight

Structuring Futures Complexity in a Politically Meaningful Way

Lars Brozus

From the perspective of policymakers, planning for the many uncertainties that the future brings is a complicated task. Because of the growing complexity of global affairs, more and more information is destined to land on the desks of decision makers. State-of-the-art futures analysis structures information about conceivable events and developments, thus supporting more effective and legitimate anticipatory governance. Forecasting and foresight, the dominant analytical approaches, serve different political functions. Forecasting geopolitical events is primarily relevant for the executive branch, which must act on short-term assessments. Foresight scenarios, on the other hand, significantly contribute to deliberations on the desirability of plausible mid- to long-term developments in consultative bodies such as parliaments. Both approaches should be utilized in EU policymaking.

Following Jean Monnet's dictum that Europe will be forged in crises, one could argue that decisive moments should be seen as important drivers of reform and innovation for policymaking in the EU. Hence, COVID-19 could prove to be a crucial disruption that heightens political awareness of scientific approaches to analyzing the future. The implications of the dual crises of global connectivity and global governance that unfolded due to the pandemic appear poised to increase political authorities' interest in concepts and methods that promise to help them steer clear of unexpected events of comparable magnitude in the future.

Futures researchers such as forecasters and foresighters should prepare for a major boost in political demand for their expertise. Indeed, the European Commission is

already reaching out to them. Here, Vice-President of the European Commission for Interinstitutional Relations and Foresight Maroš Šefčovič is responsible for embedding strategic foresight within EU policymaking. In its first annual Strategic Foresight Report, "Charting the Course Towards a More Resilient Europe", published in September 2020, the European Commission emphasizes its willingness to build futures-oriented partnerships with think tanks and academia as well as with civil society. Researchers should heed this call and engage, for example, in "full foresight cycles" that attempt to mainstream their insights into the decision making processes of European institutions.



Certainty vs Contingency: The Problem of Gray Swans

Futures researchers generally embrace the contingent character of the many conceivable tomorrows. But they part ways in their different approaches to coping with futures complexity. Forecasters make probability judgments about short-term events that can be checked against the unfolding reality in due time. This allows for transparent evaluations of the accuracy of these predictions. Foresighters, in contrast, create plausible scenarios of conceivable mid- to long-term developments that primarily serve the purpose of raising awareness of what might lie ahead.

Foresighters and forecasters agree, however, that many imaginable developments can be categorized as so-called gray swans: events that are to be expected because of their frequent occurrence, such as pandemics, natural disasters, or political crises. Still, it is extremely difficult to accurately predict when and where the bird will land next and what the outcome of its landing will be. There was, for instance, no shortage of warnings over the past decade about a possible global pandemic. COVID-19 is not a black swan — that is, a completely unexpected event. Alas, the warnings proved to be too unspecific for policymakers.

Political authorities crave certainty, therefore they frequently complain about major surprise disruptions because they expect precise and actionable forewarning. In a way, this is quite reassuring as their anger reflects that hardly any policymaker will make decisions lightly in times of crisis. Most governments prefer to avoid such situations because under conditions of uncertainty about future developments poor choices are bound to be made. COVID-19 is currently the most prominent example of this.

Following reverse logic, fewer surprises would mean more certainty in decision making. Accordingly, political authorities frequently resort to reasoning based on past experience. This convenient way of framing the future is reflected in everyday policymaking practices. Administrations routinely

engage in incremental planning in terms of policy development, programming, and budget requirements for the next year, or, as is the case for the EU, for multiple years. Of course, many decision makers are mindful of the problems that are inherent in interpreting the past as prologue to the future. In military affairs, the proverbial phrase “generals are always prepared to fight the last war” — attributed to Winston Churchill — exemplifies both this practice and its critique.

What If There Are Too Many What Ifs?

Futures complexity thus collides with everyday policymaking. A lot of the myriad policy proposals, recommendations, and warnings that compete for the attention of decision makers originate with futures researchers. Numerous international organizations, research institutes (including SWP), consultancies and think tanks, not to mention governmental foresight units, expert councils and intelligence agencies, are trying to make policymakers aware of future risks and threats. It is therefore not surprising that decision makers, when confronted with an ever-growing number of risk assessments, scenarios, early warnings, “What ifs...” and “For your eyes only”-reports, start saying, “I don’t have the time or resources to deal with all these issues simultaneously, so I have to set priorities. Can you help me with that? But wait, you have been wrong before, haven’t you?”

They have a point. Research has shown that experts are not very good at accurately predicting political events in the future. Of course, foresighters and forecasters could insist that they had issued warnings about the major disruptions of the past two decades, including COVID-19, and that policymakers failed to take appropriate action; to which policymakers would probably reply that these warnings were too vague and unspecific in that they did not precisely predict what would happen where and when — a reference to the problem of gray swans.

But such back and forth will neither improve preparations for future contingencies nor facilitate the policy uptake of analysts' recommendations. Both the futures and the policymaking communities should aim to move beyond the blame game of "Why didn't you warn us?" vs "We told you so!"

In order to avoid disappointment, and to make the expected boost in demand sustainable, it is necessary to clearly communicate to policymakers the different goals for which various scientific methods of futures analysis aim. Foresight helps political authorities to structure thinking about the more distant future by raising awareness of emerging political, economic or social developments and the range of their possible impacts on international affairs. Sketching out possible mid- to long-term futures requires methodological approaches, such as horizon scanning or trend analysis, that differ from those aiming to predict the outcome of a concrete political event, for instance the result of an election that is scheduled for a specified date. Forecasting an election result can help policymakers to make more informed decisions even under conditions of uncertainty. Here, quality criteria such as assessment accuracy and process transparency should be emphasized.

Policymakers in turn should acknowledge that setting priorities for preparations against hypothetical events and developments is not always a rational, evidence-informed process in which subject matter expertise holds sway. Deciding which of the many possible risks in the future will take priority is an eminently political process. Precautionary policies require governments to make an investment, the costs of which depend on the nature of the threat that is prioritized. Investments in military capabilities, for instance, are guided by competing assessments of the most likely and pressing security challenges; e.g. should resources be spent on protection against territorial or cyber aggression? In this context, it is then hard to avoid the resurfacing of one of the most basic questions of political science: who gets what, when, how?

How to Increase Policy Relevance

The inherently political nature of determining priorities does not make futures analysis irrelevant. The question is, rather, how to make it politically significant while at the same time minimizing attempts at its malign politicization. Futures researchers will need to engage more frequently with politics to better understand daily routines and work requirements, including recognition of the enormous amount of information decision makers must process. Simply throwing more reports and studies about hypothetical events at policymakers does not automatically produce expected results, namely precautionary political intervention. To the contrary, knowledge overload can paralyze decision making processes and also provide a smokescreen that allows policymakers to deflect inconvenient or unpopular measures that would mitigate future risks and threats.

Therefore, the futures community must get better at processing information about futures' contingencies. Structuring and curating futures should include pointing out which of the many conceivable events and developments might deserve special attention in political deliberations. Policy recommendations could be framed according to the needs of different audiences in governments and parliaments: short-term forecasts of geopolitical events for the executive branch, and distant future implications of various scenarios for legislators. Of course, the process of inferring these policy recommendations must be based on transparent criteria.

Prediction accuracy should also be an important driver for policy relevance. Studies show that the accuracy of predictions can be systematically increased through practice and training. Analyzing a multi-year geopolitical forecasting tournament with several thousand participants, researchers found that some participants get it right significantly more often than others. About two percent put forth consistently accurate forecasts. When assigned to teams, the combined accuracy of their forecasts improved

even more. Different cognitive styles, diversity and multi-perspectivity were typical features of the best teams. They achieved about 30 percent higher prediction accuracy than competing teams that had access to classified information.

Geopolitical Forecasts for the EU

The EU could harvest this knowledge. Policymakers should insist that transparently generated predictions inform decisions as to which of the many conceivable events in the future should have priority. In the EU, an interinstitutional platform for a geopolitical forecast tournament could be organized for this purpose [I am indebted to Leopold Schmertzing for this idea]. Such a platform would help to identify the best forecasters among EU staff across all participating institutions and without regard to professional status or seniority. Given its international composition and supranational identity, the EU could easily assemble teams characterized by various cognitive styles, diversity and multi-perspectivity, and then train them to improve their performance. As Vice-President of the European Commission for Interinstitutional Relations and Foresight, Maroš Šefčovič would be perfectly positioned to lead such an initiative.

The executive branch of government would benefit from such a platform, as the following thought experiment demonstrates. Predictions generated by the best forecasting teams on the probability of open military hostilities between Ukraine and Russia in the next six months, for example, would add additional assessments to the insights of intelligence agencies, diplomatic services and experts. Inserting information from a source that has a verifiable track record of accuracy into policy debates on how to react to Russia's aggressive posture could help to make these debates more objective and evidence-informed.

In April 2020, the UK government became one of the first to launch a geopoliti-

cal forecast tournament. Here, participating civil servants answer a broad range of questions based on publicly available information, for example, about the probability of Chinese aggression against Taiwan and the rate of decline of COVID-19 infections worldwide. Because prediction accuracy can be judged against real-world outcomes, the best forecasters can easily be identified and assembled in teams tasked with specific missions.

Better Policymaking in the Future

Of course, the benchmark for this approach is not perfect anticipation of the future but rather better policymaking in the future. Predictions work best for hypothetical political events within a timeframe of 12 months ahead. But the potential 30 percent higher forecast accuracy referred to above implies a considerable reduction of the number of short-term crises for which preparations should be taken immediately, thereby creating a decision making advantage. Costly and awkward precautionary measures — such as military deployments, purchasing intensive care units, or wearing masks — could be more convincingly justified to crucial audiences, including political competitors, courts of auditors, the media and the general public.

Given the limitations of short-term forecasting, foresight will remain instrumental as a method to structure thinking and produce plausible scenarios about developments the EU may face in the more distant future. Past reports produced by the European Strategy and Policy Analysis System (ESPAS) — a collaboration between some of the most important EU institutions — on, for example, “Challenges and Choices for Europe” until 2030, illustrate this approach.

Scenarios tend to be more normatively charged than predictions of concrete political events due to the longer time horizon that they cover. In a democratic regime, debates over different interpretations of the desirability of emerging futures typically fall within the domain of the legislative

branch of government. Hence, the obvious place for normative deliberations about these issues at the level of EU institutions is the European Parliament — the staunchest supporter of the idea of the Conference on the Future of Europe.

It is therefore commendable that the European Parliamentary Research Service (EPRS) already has a strong focus on strategic and scientific foresight. Two features of the EPRS's work stand out in this regard: its quality products — as acknowledged by the futures community — and its close interaction with experts, policymakers and legislators when designing inquiries. However, it would be highly desirable to further enlarge the range of futures expertise that is available to parliamentarians. Given a more uncertain world characterized by increasing global connectivity, cross-sectoral interdependence, and declining political cohesion within the international community, more rather than less informed debates and discussions on the geopolitical and normative aspects of the future are needed.

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