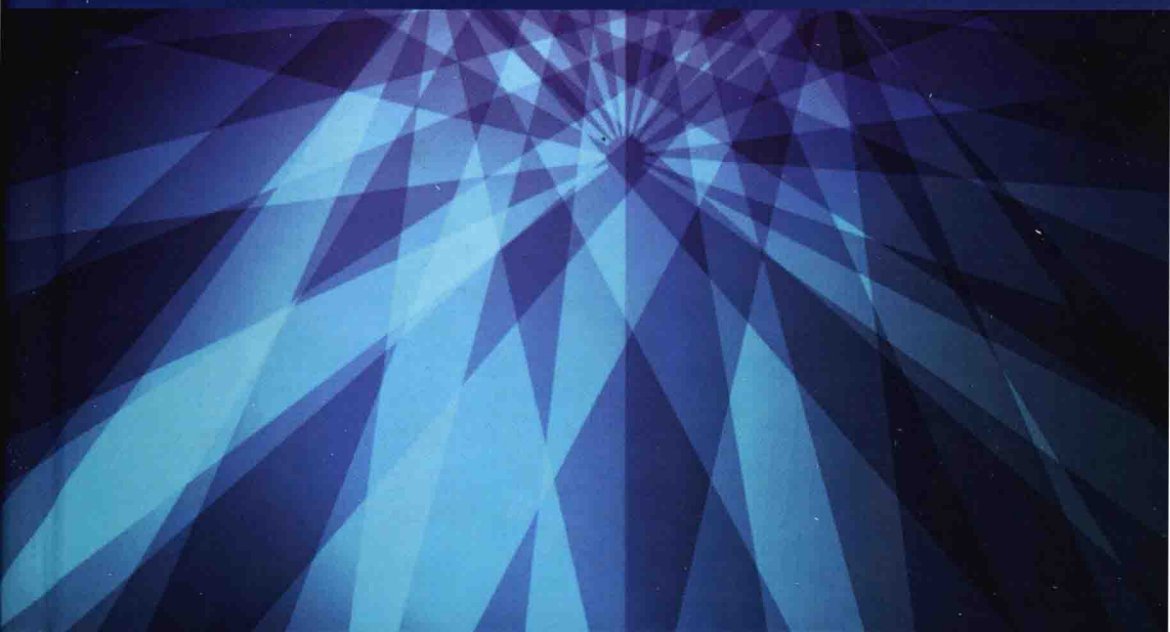




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Governing for the Future

Designing Democratic Institutions
for a Better Tomorrow



Jonathan Boston

PUBLIC POLICY AND GOVERNANCE VOLUME 25

GOVERNING FOR THE FUTURE: DESIGNING DEMOCRATIC INSTITUTIONS FOR A BETTER TOMORROW

BY

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INVESTOR IN PEOPLE

GOVERNING FOR THE FUTURE:
DESIGNING DEMOCRATIC
INSTITUTIONS FOR A
BETTER TOMORROW

Can democracies handle the future? In this magisterial work, Jonathan Boston takes on one of the most compelling issues of our time, and he does so with broad and deep scholarship, astute political and social analysis, and writing that is both elegant and illuminating. This is one of the most important books on governance that most of us will ever read.

— *Daniel J. Fiorino, Director, Center for Environmental Policy,
Department of Public Administration and Policy,
American University, USA*

How can advanced democracies reconcile an increasingly pressing need for far-sighted policies and decisions with short-term political pressures? This perennial dilemma is well recognised but has been studied little. In this ground-breaking book, Jonathan Boston systematically assesses the nature and causes of the ‘presentist bias’ in so much public policymaking, and offers realistic suggestions as to how it may be more effectively countered in a quest for improved democratic governance. This is a compellingly insightful work, which should be widely read by academics and policy-makers alike. It confirms its author’s reputation as a consummate political scholar with a strong sense of social responsibility and an abiding concern for the welfare of future generations.

— *Robert Gregory, Emeritus Professor of Political Science,
School of Government, Victoria University of Wellington, New Zealand*

Why do politicians tend to govern for the short term rather than prudently investing in society’s long-term welfare? How can we cultivate more forward-looking governance? In *Governing for the Future*, Jonathan Boston unpacks and illuminates the formidable obstacles to farsighted policymaking in democratic contexts. He then offers a comprehensive and clear-eyed assessment of a range of institutional reforms that might steer democratic societies toward more sustainable policy choices. Analytically incisive and brimming with conceptual insight, this book not only substantially advances our understanding of the politics of the long term; it also provides practical guidance to those seeking to generate more future-oriented forms of democratic decision-making.

— *Alan M. Jacobs, Associate Professor,
Department of Political Science,
University of British Columbia, Canada*

Governing for the Future offers an important contribution for the debate about the long-term problem-solving capacity of liberal democracies. Taking an international perspective, Jonathan Boston accounts for the ‘presentist bias’ in politics and administration and points to potential governance arrangements that might encourage thinking for the long term. Boston does not offer any single solutions, but highlights the critical

tensions involved in any institutional arrangement. In the world of the 'new normal', *Governing for the Future* is a powerful contribution to the quest of ensuring long-term sustainable democratic institutions that safeguard the well-being for current and future generations.

— *Martin Lodge, Professor of Political Science and Public Policy,
Department of Government, London School of Economics, UK*

There is nothing else like this book. Boston addresses one of the most urgent questions of our times: whether democracies are capable of managing long-run problems like climate change. He provides a comprehensive and thoughtful survey of techniques for avoiding myopic decision-making. It is the indispensable guide for policymakers and academics.

— *Alasdair Roberts, Professor of Public Affairs,
Truman School of Public Affairs, University of Missouri, US*

Jonathan Boston's *Governing for the Future* is a book we have been waiting for. Short-termism is universally decried and all around the globe there are policy experiments to remedy it. Still, we currently lack a systematic intellectual grasp of the problem and the initiatives to answer it. This is where *Governing for the Future* comes in. Its comprehensive and detailed treatment is very timely. The book is passionate about the subject's importance but sober and balanced in its analysis. The unbiased assessment of evidence and the broad-ranging examination of options yields practically useful advice on the various steps forward we can take in redesigning democratic institutions so as to counter the presentist bias.

— *Dominic Roser, Research Fellow, Human Rights for
Future Generations Programme (Climate Ethics),
Faculty of Law, University of Oxford, UK*

Governing for the Future is a wise and passionate book. Jonathan Boston combines a comprehensive and rigorous analysis of the causes and perils of short-termism in policymaking with concrete and pragmatic suggestions for mitigating or reversing its harms. The author is not sanguine about the prospects: he offers no easy solutions or silver bullets, but rather a set of concrete institutional and political reforms. He is realistic about the obstacles confronting each of the potential counterweights to short-term thinking that he proposes. This book nonetheless offers real hope for the future: if politicians can be persuaded or compelled to adopt even some of the recommendations, the world can be a better place.

— *Kent Weaver, Professor of Public Policy, Comparative
Government Field Chair, McCourt School of Public Policy,
Georgetown University, USA*

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PREFACE AND ACKNOWLEDGEMENTS

This book is about short-termism — or what can be called a presentist bias — in governmental policy-making in advanced democracies. Short-termism constitutes a ‘disorder’ because it undermines good governance and reduces long-term societal well-being. This inquiry focuses on the nature, causes, and consequences of short-termism and what, if anything, can be done to mitigate it.

My interest in this topic spans almost four decades. During the late 1970s I was a Masters student in Political Science at the University of Canterbury in Christchurch, New Zealand. My Masters’ thesis investigated the origins, role, influence, and effectiveness of two high-level advisory groups in central government: the Priorities Review Staff (PRS) which advised the Australian Prime Minister during 1973–1976; and the Economic Advisory Group (EAG) which was established in 1975 to advise the New Zealand Prime Minister. The research took a year, and I interviewed nearly 100 politicians, civil servants, political advisers, and academics, mostly in Canberra and Wellington. I also spent three months working in the New Zealand Treasury, which gave me a grandstand view of Wellington’s policy community, the policy-making process, and the inner workings of the ‘bureaucratic machine’. For a 21–22 year old, both the research and internship were fascinating and rewarding experiences. But they were also sobering. Let me explain briefly.

The PRS was modelled on its counterpart in the Cabinet Office in London, the Central Policy Review Staff (CPRS), created by the British Conservative Prime Minister, Edward Heath, in 1970. Both the PRS and the CPRS were designed to focus on medium-to-long-term policy issues and were staffed by highly trained, interdisciplinary teams drawn from within the civil service, the business community, and the academic world. Both advisory groups were expected to think broadly, test existing policy frameworks, highlight looming problems, and explore diverse solutions: they were, in short, to be ‘grit in the machine’. But in fulfilling their mandate they both faced a common dilemma. The more they concentrated on long-term problems rather than those of immediate concern to ministers, and the more they challenged conventional civil service thinking on important policy issues, the more they risked political irrelevance and/or

bureaucratic opposition. To compound matters, to the extent that they advanced politically controversial ideas they risked alienating their primary patron, the prime minister. In the event, both advisory groups endeavoured to be politically savvy and pursue a middle path. They sought to balance their institutional mandate to think about the longer term with their desire for political influence. Hence, while they both undertook in-depth reviews of major long-term policy issues and published substantial reports, they willingly responded to prime ministerial requests for advice on pressing day-to-day concerns. But despite their best efforts, neither advisory group survived. The PRS fell victim to the change of government at the end of 1975, while the CPRS was eventually abolished by a subsequent Conservative Prime Minister, Margaret Thatcher.

The EAG, by contrast, faced no similar 'intertemporal challenges': it was essentially a short-term think tank and day-to-day 'fire-fighter'. It was not designed to undertake major policy reviews or publish detailed reports. And, unsurprisingly, it has survived, albeit with a change of name in the early 1980s to 'Advisory Group'. It remains a vital part of Wellington's policy community and bureaucratic structure.

There is a pertinent footnote to this story. When Geoffrey Palmer became New Zealand's Prime Minister in 1989 he was keen, among other things, to ensure that his Department had the capability to undertake in-depth long-term policy thinking as well as the provision of high-quality short-term advice. By then I had completed my doctoral studies and joined the staff of the Public Policy Group at Victoria University of Wellington. With several others I was asked to join a small team established by the State Services Commission to advise the government on how the Department of Prime Minister and Cabinet (DPMC) should be restructured. Following some hasty deliberations, the team proposed a series of structural changes. One of these was to separate the provision of 'political' advice to the Prime Minister from the provision of 'official', non-partisan advice from government officials. The former, it was argued, should be located in the Office of the Prime Minister, separate institutionally from DPMC. Additionally, it was recommended that there should be two advisory bodies within DPMC, one to advise the Prime Minister on short-term issues and the other to provide 'strategic advice' on major medium-to-long-term issues. A separate Strategic Policy Advisory Group was duly constituted to supplement the existing Advisory Group. The new entity identified a series of important issues on which to focus, but it struggled during its brief life to secure influence or traction. The Labour government was by then in terminal decline and the long term was not high among the Prime

Minister's priorities — nor that of most of his cabinet colleagues. In the event, the new group enjoyed an even shorter shelf-life than the PRS and CPRS: it was abolished barely a year after its formation by the incoming Prime Minister, Jim Bolger. Since then no high-level advisory body with a specific long-term policy mandate has been created in New Zealand.

The difficulties facing those charged with advising governments on major long-term issues are not unique to Australia, Britain, and New Zealand. They are replicated across the democratic world, and no doubt beyond. Moreover, bringing the long-term into short-term political focus is not merely a challenge for think tanks and policy advisers; it is a problem for democratic governance more generally. If governments give inadequate attention to looming problems or make policy choices that unduly favour short-term interests, citizens' future well-being will be put at risk.

During my life as an academic I have undertaken research on many policy issues where elected officials have been unwilling, often for short-term electoral reasons, to take a long view and invest well for the future (see Appendix). Two issues that have occupied much of my time during the past decade — and which successive governments have failed to tackle effectively — immediately come to mind: child poverty and climate change. In pursuing research on these topics, several questions have often dominated discussions. How can democratically elected governments be persuaded to promote the long-term public interest? How can the political salience of long-term risks and vulnerabilities be enhanced? Are there ways of reforming democratic institutions and processes that will increase the likelihood of governments taking better care of tomorrow today? How, in short, can the presentist bias in policy-making be mitigated? Such questions lie at the heart of this inquiry.

Such an undertaking would not have been possible without substantial assistance from numerous individuals and organizations. I would particularly like to thank Fulbright New Zealand and the Fulbright Program in the United States for the generous support I enjoyed as a recipient of a Fulbright New Zealand Scholar Award in 2014. The Award provided numerous opportunities and opened many doors, enabling me to attend high-level events in Washington D.C. and meet leading thinkers and policy-makers.

I am also indebted to my colleagues in the School of Government at Victoria University of Wellington for their strong support and steadfast encouragement, especially the Head of School, Professor Brad Jackson, Professor Evan Berman, Dr Jakai Desai, Dr Chris Eichbaum,

Associate Professor Michael Macaulay, Dr Verna Smith, Lyne Todd, and Dr Amanda Wolf. Tom Stuart provided invaluable research assistance during the early stages of the project, and I am very grateful for his ongoing interest in the project and his deep concern for the issues of governance and public policy it traverses. Particular thanks must also go to Professor Martin Lodge at the London School of Economics for hosting me in London during July and August 2014; to Professor Pertti Ahonen and Dr Paula Tiihonen for their warm hospitality and for kindly arranging interviews and discussions with officials and researchers in Helsinki during late August and early September 2014; and to Professor Dan Fiorino and Dr Karen Baehler for hosting me in the School of Public Affairs at American University in Washington D.C. during the remainder of 2014. Their kindness, advice, and wisdom was of tremendous help.

Over 90 people generously agreed to be interviewed for this project – politicians, civil servants, political advisers, researchers in universities and think tanks, senior business executives, and representatives of civil society organizations. I am extremely grateful for their time and the insights they provided. Likewise, during the course of my research I discussed various issues with hundreds of people informally and in seminars, workshops, and roundtables. Their feedback has been of immense help and sparked many new lines of inquiry.

I am also very thankful to all those people who suggested material for me to read or ideas to ponder, or who commented, sometimes in copious detail, on draft chapters of the book. They include: Pertti Ahonen, Joey Au, Karen Baehler, Evan Berman, Julia Black, James Christian Blackwood, Hilary Blake, Roger Blakeley, Sheryl Boxall, Andrew Bradstock, Clinton Brass, David Bromell, Marie Brown, Doug Campbell, Simon Caney, Jonathan Chaplin, Andrew Colman, Ros Coote, Jaiki Desai, Valentina Dinica, Nancy Donovan, Bob Durrant, Quentin Duthie, Chris Eichbaum, Elizabeth Eppel, Dan Fiorino, Paul Gandar, Iñigo González-Ricoy, Axel Gosseries, Jeffrey Greenman, Robert Gregory, Hannah Griffin, Sven Grundmann, Max Harris, Dave Heatley, Robert Hickson, Olli Hietanen, Helen Hughes, Ken Hunter, Andrew Jackson, Brad Jackson, Alan Jacobs, John Kamensky, Girol Karacaoglu, Don Kettl, Lucas Kengmana, Shaun Killerby, Riitta Kirjavainen, John Kleinsman, Judy Lawrence, Alison Lipski, Vic Lipski, Chris Livesey, Martin Lodge, Michael Macaulay, Michael MacKenzie, Louise Marra, Ignatius Menzies, Malcolm Menzies, Michael Mintrom, Jack Nagel, Tom Noakes-Duncan, Patrick Nolan, Rosemary O'Leary, Henry Overman, Matthew Palmer, Anneliese Parkin, Murray Petrie, Sir Jonathon Porritt, Paul Posner,

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Finally, this book would not have been possible without the constant support, care, prayers, and timely advice of my family and friends. Special thanks must go to my wife, Mary, and my daughters Jessie and Grace for their unceasing love, encouragement, and good humour.

INTRODUCTION: WHAT THIS BOOK IS ABOUT – A BRIEF OVERVIEW

Gouverner, c'est prévoir: to govern is to foresee.

Pierre Mendès France (former French Prime Minister)

The longer you can look back, the further you can look forward.

Winston Churchill (former British Prime Minister)

This book is about governing well for the future. It investigates the nature of, and the conditions for, *prudent long-term democratic governance* in a dynamic, complex, and uncertain world, the reasons why such governance is politically challenging, and how such challenges can best be tackled. In particular, it addresses the problem of ‘short-termism’ – or a ‘presentist bias’ – in policy-making; that is, the risk of governments placing undue weight on near-term considerations at the expense of a society’s overall long-term welfare. As such, the book traverses both normative and empirical issues. The approach is primarily qualitative rather than quantitative. This overview chapter summarizes the book’s core themes, issues, and assumptions and outlines its structure and scope.

SETTING THE SCENE

Intertemporal trade-offs are an abiding and inescapable feature of governance and often pose significant ethical and political dilemmas. Governments must make choices about how to allocate various costs and benefits, resources and risks, not only between different groups or sectors here and now, but also over extended periods of time, sometimes involving multiple generations. Policy decisions must be made about whether to consume more now or invest for future benefits: whether, for example, to spend more in the near term on targeted educational, health, and social programmes to reduce future welfare dependence, whether to pre-fund some of the long-term costs of sea-level rise or population ageing, whether to adopt strong preventative measures to mitigate the future costs of obesity or natural disasters, and whether to take vigorous, pro-active steps

to limit future environmental harm, perhaps by imposing new taxes on environmental externalities and/or tighter controls on certain kinds of economic activity. In facing these intertemporal choices governments may be tempted to favour current interests ahead of future interests or powerful commercial interests over weak, diffuse non-commercial interests. They may decide, in other words, to protect or improve near-term living standards at the expense of future societal well-being. As a result, citizens may experience significant long-term losses – or at least lower aggregate welfare over lengthy periods than would otherwise have been the case.

To compound matters, there is a risk of a vicious cycle. Repeated decisions to favour current over future interests and to ignore looming policy challenges are bound to exacerbate the problems awaiting future decision-makers. Tomorrow's governments will then be faced with ever larger fiscal, social, or environmental deficits, reducing their capacity to prepare for and invest in the future. In this way, the negative cycle will continue. By contrast, prudent decisions today can ease the burdens on future policy-makers, expanding their opportunities and capacity to take a long-term view and invest for a better tomorrow. Just as there is the potential for a vicious cycle, so too there is the potential for a virtuous one.

How serious are the risks of 'short-sighted' policy decisions and what, if anything, can be done to reduce them? In exploring these questions the purpose of this book is not only to understand the nature, demands, and constraints of intertemporal governance, but also to offer realistic suggestions for innovative and effective democratic reform – in particular, initiatives that will encourage farsighted decision-making, protect future interests, and help establish and cement the foundations of a good society over multiple generations.¹ While such a goal is ambitious, the approach adopted here is thoroughly practical; it is not an exercise in utopian fantasizing.

From a normative perspective, this inquiry briefly addresses some of the deep and enduring questions of political philosophy, especially as they relate to intertemporal governance. Among these are the moral principles that should guide governmental decisions with long-term implications, including the obligations of current generations to future generations and the requirements of intergenerational justice and solidarity. How should benefits and burdens be shared over extended periods of time? How should risks be allocated temporally? What discount rate, if any, is justified and on what basis? What does wise stewardship entail? More broadly, there are questions about the *kind* of future humanity should seek. What should be the overall goal or goals of public policy? Should the quest be for what Pope Francis (2015) calls the 'long-term common good', what Girol Karacaoglu (2015) refers to

as ‘collective intergenerational wellbeing’, what Kenneth Arrow (2012) and his colleagues describe as ‘comprehensive wealth’, or something else? And however such goals are conceptualized or framed, how can they best be achieved? How, for instance, can the virtues of foresight and prudence be encouraged among policy-makers and how can intergenerational solidarity be nurtured among citizens? Further, what institutional arrangements, rules, and processes are most likely to contribute to a safe prospect for current and future generations? Posing such questions is easy. Providing persuasive, or even satisfactory, answers is hard. But grappling with such issues is essential to acquire practical wisdom for governing well for the future.

Necessarily, this inquiry focuses on the art and craft of governance, in particular the governance of advanced democracies. Governance – whether public or private, democratic or otherwise – has multiple dimensions. At the broadest level, there is the overarching challenge of setting future directions, goals, and priorities. Good governance, therefore, requires a long-term perspective. It must be future-oriented. It must confront, among other things, complicated intertemporal issues. This is not optional, but a fundamental prerequisite. Hence, a critical task of all governments is to ‘navigate the future’ (Dror, 2003). Their role, as Plato astutely observed long ago, is to steer the ‘ship of state’. But they must do so with an indeterminate horizon, ill-defined charts, imperfect vision, limited navigational equipment, changeable conditions, and manifold constraints. Indeed, the list of encumbrances to wise and farsighted policy-making is daunting: incomplete information, disputed evidence, deep uncertainty, scarce resources, vigorous distributional conflicts, competing moral imperatives, impatient voters, powerful and well-organized interests, multiple veto points, and many unwelcome surprises. Given such conditions, negotiating an agreed direction and charting a safe course are formidable undertakings. While the ship of state cannot be fully ‘future-proofed’, many risks can be anticipated, ascertained, managed, and mitigated. Future vulnerabilities can be foreseen and a society’s resilience boosted. Likewise, the essential requirements for intergenerational justice can be ascertained and pursued. Unquestionably, these are among the foremost responsibilities of political leaders, their advisers, and citizens.

CONFRONTING INTERTEMPORAL TRADE-OFFS

Of the many tasks of democratic governance, those involving major *intertemporal trade-offs* are among the most challenging. How should societies

allocate various benefits and costs, gains and losses, opportunities and risks over lengthy periods of time? Policy issues involving intertemporal trade-offs are common, unavoidable, take numerous forms, and arise in multiple policy domains. How should the extra costs of health care and public pensions from ageing populations be allocated between generations (Heller, 2003a, 2003b, 2006; Vanhuyse, 2013)? How much should be spent on reducing the risks of natural disasters – such as floods, fires, or seismic events – and how should such costs be spread over time (Healy & Malhotra, 2009)? Should governments encourage and enforce urban densification in order to minimize the long-term economic and environmental costs of urban sprawl (Searle & Filion, 2011)? Should extra near-term regulatory burdens be imposed on certain industries to protect irreplaceable ecosystem services and minimize species loss (Brown, Stephens, Peart, & Fedder, 2015)?

When policy problems involving intertemporal trade-offs arise, decision-makers usually have a range of options. They can often choose the temporal flow of costs and benefits. For instance, they can decide whether to impose costs now or later and how benefits should be distributed over different periods of time. In some cases they may choose to front-load the burdens disproportionately, while disproportionately back-loading the benefits – or vice versa.² When there is a temporal separation between the distribution or flow of costs and benefits, a *non-simultaneous exchange* occurs. Such non-simultaneous exchanges may happen over relatively short timeframes or very extended periods. In many cases the exchanges are primarily between citizens' *current selves* and their *future selves*: citizens may pay now and enjoy a benefit later. In other cases the main trade-offs are between different generations.

For policy-makers, the most difficult non-simultaneous exchanges are those where long-term gain depends on short-term pain – especially pain that imposes, or is expected to impose, *political* costs. The dilemmas are all the greater if losses must be imposed on well-organized interests and if the expected benefits will be slow to materialize and/or lack visibility. Politicians often refer to such exchanges as 'hard calls' or 'tough calls'. Alan Jacobs (2011, p. 17) employs the term 'policy investments'. As defined by Jacobs, such investments involve, first, 'the *extraction of resources in the short-term*' (e.g. via additional taxes, levies, and charges or regulatory changes that impose costs on the affected sectors or individuals), and second, 'the dedication of those resources to a *mechanism of intertemporal transfer*' designed to increase future welfare, such as greater long-term consumption possibilities or higher living standards, whether broadly or