



FISCAL FUTURES: SCENARIO THINKING FOR FISCAL TRANSPARENCY AND ACCOUNTABILITY

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1. INTRODUCTION

This booklet tells four stories about the future of public finance in 2040. These stories are stylized, simple, and — as far as possible in the fiscal world — a little bit of fun. They are intended to tickle the imagination, inspire ideas, and spark conversations, especially among advocates and practitioners who struggle with fiscal issues in their daily work.

In an increasingly challenging world, where democracy is declining and civic space closing in many places, we need creative new ideas for advancing fiscal transparency and accountability in ways that can truly change people's lives for the better. This is why, in early 2018, the International Budget Partnership, the Transparency and Accountability Initiative, and the Carnegie Endowment for International Peace initiated the Fiscal Futures project, inviting 35 fiscal transparency and accountability (T/A) advocates, practitioners, scholars, and funders to collectively imagine fiscal futures two decades from now. Together, we generated four plausible stories of the future, which in turn pointed back to gaps in current strategies as well as to possibilities for new connections within and beyond the public finance field, regardless of country or sector. We invite readers to join us in taking this creative process forward.

WHY SCENARIOS?

Scenarios are stories about plausible futures. They offer an opportunity to stimulate fresh thinking and venture beyond the limits of project plans, timelines, and deliverables. By placing fiscal transparency and accountability (T/A) issues in fictional but feasible settings, we can illuminate today's strategies from the vantage point of future outcomes. Each story embeds fiscal issues in narratives about governance, civic engagement, artificial intelligence, climate change, and other factors that will likely shape the future of public finance. If we like the world in 2040 as depicted in one story but not another, we need to decide how to prevent the dystopian scenario and overcome the roadblocks on the way to a more desirable future.

Scenarios are not predictions but pictures of different paths into the future. They allow us to explore how we can shape the future, based on the interplay of various driving forces. They can prepare us for the unexpected as well as the expected, and provide references for concrete plans and action.

The Fiscal Futures project used scenario planning as a method to evaluate current strategies in the fiscal T/A field and to catalyze new strategic ideas, guided by the possible outcomes depicted in the scenario stories. In contrast to traditional strategic planning, this approach allows participants to take inspiration from unpredictable but plausible versions of the future. Rather than fixating on likely events or hopeful visions, we imagined ourselves in different versions of 2040, looking back and wondering what we did right or wrong. What strategies can enable us to achieve one scenario and avoid another?

OUR PROCESS

The fiscal scenarios presented here were developed by 35 experts from 14 countries over the course of two workshops, supported by a core project team and supplemented by a survey and interviews. Participants began with reflections on the current state of the fiscal T/A field and surfaced strategic questions arising from perceived shortcomings and revised assumptions. Next, they identified a wide range of trends and uncertainties impacting the fiscal T/A field, before selecting key driving forces as building blocks for the scenarios.

The four stories are centered on the interplay of two main variables: democratic governance and civic engagement.

Each of the stories compresses these and a handful of secondary drivers — among them technology, corporate power, climate change and environmental degradation, and shifting media landscapes — into plausible and relevant futures with different public finance implications.

The scenarios provided participants with a shared framework for examining fiscal issues under different and novel conditions. This was helpful for developing common ground among experts from diverse backgrounds, who largely work on different aspects of the fiscal system. Afforded with the opportunity to debate and coalesce around a defined set of future conditions, participants emerged from the niches of their own work and connected with broader perspectives. The scenarios also encouraged more dynamic thinking about trends and change, as well as risks and opportunities. Each story contains political openings and turning points, and suggests that actions taken at certain political moments could alter the scenario, prompting it to slip towards a worst-case story or to be elevated to a more desirable one. The scenarios cast fiscal T/A as a political challenge — rather than a technical issue — in search of flexible strategies that are responsive to unexpected political openings or warning signs. Ultimately, the scenarios inspired participants to think more creatively, outside the box of traditional strategic planning. This yielded a recognition of gaps in approach and new ideas for future work.

WHAT THE SCENARIOS TEACH US

The four fiscal scenarios illustrate the crucial role of public finance systems and policies in advancing — or undermining — economic equality, social justice, sustainable development, and human rights. The Fiscal Futures project participants (re-)gained a sense that fiscal T/A is part of a broader political challenge, and that the task of developing an alternative public finance framework, and specifically a new narrative for revenue and expenditure, lies at the heart of their work.

This is inseparable from a deeper democratic vision: as illustrated by at least two of the scenarios presented here, fiscal T/A faces enormous challenges when democratic governance falters.

The scenarios flag gaps in current fiscal T/A strategies, including the need to:

- » connect fiscal T/A to economic justice goals
- » develop a more integrated and political approach to public finance that links spending to taxation
- » engage more deeply with national revenue issues, and
- » challenge the ever-increasing power wielded by multinational corporations

In two of the scenarios, the dim prospects of fiscal T/A can be partially attributed to a lack of civic engagement. This encouraged participants to look beyond isolated, expert-led technical interventions and explore strategic support for community organizing, coalition-building, and social movements.

While reflections on the strategic implications of the four scenarios are continuing, several emerging ideas are summarized toward the end of this booklet.

AN INVITATION TO THE READER

With this booklet, we encourage readers to explore their own ideas for transforming public finance around the world. We seek to stimulate a field-wide dialogue, especially among national, regional, and international civil society organizations, about long-term strategies for advancing fiscal T/A and achieving tangible outcomes. Organizations can draw on the scenarios below and apply one of them to their own context. Alternatively, the “How-to” manual presented near the end of this booklet can provide guidance for engaging in a similar process. We hope that the four stories told here offer some inspiration for this journey.

2. WHERE WE ARE NOW

Before looking into the future, the Fiscal Futures team took stock of where we are now and what we have learned from past efforts. Specifically, we wanted to probe why there seems to be a sense among advocates and practitioners that the fiscal T/A field has reached an impasse. Intensive field-building over the last two decades has resulted in a wealth of civil society initiatives focused on monitoring budgets and advocating for greater transparency, participation, and accountability in public finance. And, yet, the future of the field appears uncertain. How did we get here and what are the questions that civil society actors, in particular, are struggling with?

This century has seen an impressive increase in public access to fiscal information and civic engagement on budget issues. Norms of fiscal transparency have gained ground around the world. Under some conditions, this has improved budget allocations and spending on critical public services. Yet despite such progress, transparency interventions and the discourse of government openness have yet to be harnessed into a broader political project to transform public finance in ways that advance equity and economic justice.

To some extent, the challenge lies in the field's success: the popularity of a non-political transparency agenda and the big umbrella of fiscal T/A initiatives promoting openness may have mitigated the impulse to agree to deeper goals, investigate power relations,

and develop strategic rather than tactical approaches. As long as the field kept growing and governments continued signing on to transparency commitments, there was little incentive for reflecting on the purpose of the core concepts of transparency, participation, and accountability, or for surfacing underlying values and political agendas.

Yet facing a host of negative global trends—from democratic backsliding to rising inequality—the fiscal T/A field has arrived at a critical juncture. Should civil society actors accept and adapt to new political constraints and continue promoting a narrow interpretation of transparency as a good governance fix? Or should we become more political, build countervailing power, and push for a transformation of public finance aligned with equity goals?

KEY LESSONS OF PAST INITIATIVES

Our research¹ suggests that, in many ways, the field is already beginning to move away from a narrow technical approach. Assumptions are being questioned and revised in response to what we have learned from past initiatives:

- » There is no linear causal relationship between transparency and accountability. Disclosure of budget data is not sufficient, by itself, to achieve fiscal accountability.
- » Government responsiveness to accountability demands depends on political economy incentives and power dynamics. Accountability is a function of power, which civic actors can build through collective action and collaboration.
- » To influence governments, an integrated campaigning approach with vertical and horizontal links across the fiscal accountability ecosystem is most effective; technical capacity building with governments is, at best, insufficient.
- » Civic participation in budgeting is more impactful when linked to empowerment and distributive goals, and less so when treated as a technical method to improve governance and civic engagement.
- » Global standards and mechanisms can elicit some fiscal transparency gains at the country level, but also carry political risks, such as legitimizing questionable political regimes.

RETHINKING BASIC CONCEPTS, APPROACHES AND STRATEGIES

Many in the field are questioning the purpose and meaning of fiscal transparency and accountability (T/A) and wonder whether a more direct focus on public resource distribution and civic engagement with public finance may be more compelling. They ask about the drivers of collective action, the challenges of changing power relations between citizens and governments, and about building alignment across issues and sectors to bring public finance issues to bear on popular agendas.

Our research² flagged several strategic questions for practitioners, researchers, and funders alike:

- » Can we develop a new integrated approach to public finance that promotes equity goals across tax and spending policies?

- » Would a normative understanding of accountability, for example, be better suited for improving fiscal governance by pushing public finance systems and policies to advance equity goals?
- » How do we build alignment across the fiscal accountability ecosystem?
- » Is enhanced civic participation the key to transforming public finance?
- » Can we drive collective action by starting with people's needs rather than budget information? Could this entail support for long-term organizing and social movements?
- » What should be the role of professional CSOs/NGOs?
- » Can we change political will within government by building countervailing power, forming alliances with champions inside government, enacting institutional reforms and mandates, or through a combination of these strategies?
- » How can we expand fiscal T/A approaches to challenge corporate power?

EXPLORING THE FISCAL IMPLICATIONS OF GOVERNANCE AND CIVIC ENGAGEMENT

Rather than trying to answer these questions directly, the scenario process allowed us to explore different fiscal implications of the main theme emerging in these questions: the role of governance and government power on the one hand, and that of civic space, public engagement, and various civic formations on the other. Looking into the future, the scenarios carry this theme forward, with governance and civic engagement selected as the main variables. There is, of course, a complex connection, a vibrant interplay between governance and civic engagement, and it is in this interplay that public finance transformation occurs, as the four varying scenarios illustrate.

1. State of the Field Review: Fiscal Transparency and Accountability, Research Note for the Fiscal Futures Scenario Planning Workshops (March & April 2018), Anja Rudiger, June 2018.

2. Ibid.

3. THE FISCAL FUTURES SCENARIOS

The following stories take place in four different fictional countries all named Thule — a metaphorical place located beyond the borders of the known world. These countries vary slightly in size, income, and access to natural resources, yet they are also emblematic of many countries we live in today. They could be located in the global South or North. As depicted in Figure 1 below, the four country scenarios were developed and distinguished from each other along the two axes of democratic governance (more or less democratic) and civic engagement (more or less engagement).

In addition, all of the Thules contend with the same global trends or contextual driving forces: technology, data, and automation; corporate power; and environmental challenges, including climate change. The scenarios imagine how the four countries, with different approaches to governance and civic engagement, deal with these driving forces, and envision a broad range of public finance outcomes that impact

revenues, expenditure, debt, the role of international financial institutions, and responsiveness to gender issues. Each of the scenario stories ends with a short note on strategic planning challenges for the country. The four Thule scenarios are described here in detail. Summary charts compare the four scenarios and their main characteristics in the section immediately following the stories.

**FIGURE 1.
KEY SCENARIO VARIABLES:
DEMOCRATIC GOVERNANCE
AND CIVIC ENGAGEMENT**



PLEASE TELL US WHAT YOU NEED



THE GREEN SCENARIO

Progressive democracy, strong participatory processes: Green Thule is a small, upper-middle-income country. Originally a representative democracy with open and democratically responsive governance institutions, Green Thule has gradually developed strong participatory processes to complement its representative mechanisms.



THE GREEN SCENARIO

The president of Green Thule, the first female head of state, leads a female-majority cabinet and has supported the adoption of gender quotas in all public institutions to advance gender equality more broadly. The judicial system effectively guarantees not only political and civil rights for all residents, but also economic and social rights. The economic sphere has seen an emergence of public benefit corporations and worker-owned cooperatives, although they are still dwarfed by the presence of transnational corporations.

RIGHTS-BASED ACCOUNTABILITY SYSTEM:

The government uses an accountability system based on human rights principles that guide how public money is raised and spent. Budgets are developed — and funded — following participatory needs assessments, which prioritize urgent and deep needs. Rights-based indicators measure whether revenue and spending initiatives meet people's needs for food, health care, housing, education, social protection (including old age), and a healthy environment, and whether they do so in an equitable manner. Those needs are recognized as rights and largely financed publicly. At the level of basic provision, these goods and services are not sold as market commodities but are free for everyone, paid for through progressive taxes. Due to environmental considerations, water and energy are subsidized only for the low-income population; for the majority, utility fees increase with rates of consumption. Gender disaggregated data is used to assess the budget's impact on women and men, and public financial management systems are required to maximize gender equality outcomes.

EQUITY-ORIENTED TAX POLICY, GOOD COMPLIANCE:

Green Thule's revenue measures are designed to fund a needs-based budget and to advance redistribution. Tax morale is high, and compliance costs are very low,

as most people realize that taxes serve the public good. Thule has maximized its fiscal space by raising the ratio of tax revenue to gross domestic product (GDP) to 65%. The majority of tax revenue is derived from individual income taxes, starting at three times the poverty rate and rising to a marginal rate of 70% for high earners. This tax is supplemented by VAT on luxury goods and services. Carbon taxes seek to deter use of remaining fossil fuels. A wealth tax instituted in the 2020s has further increased the progressiveness of the tax system, and the government is considering allowing regions to impose taxes on speculation, both financial and real estate.

CORPORATE INFLUENCE REMAINS A CHALLENGE:

Corporate taxation is subject to intensive lobbying by both corporations and civil society organizations. Despite rising corporate profits, the government felt compelled to reduce corporate income taxes in the face of international tax competition. Corporate taxation now contributes only 15% of total revenue. Under pressure from CSOs, the government is trying to think outside the box and has proposed a new tax on data flows, along with a tax on wage inequity. The latter would tax businesses according to a wage equity formula, whereby companies that have high wage differentials

between top and bottom earners (i.e. executives earn more than a defined ratio of the median pay of 50% of employees) would pay more. This new type of tax is supposed to counter public criticism of the recent cut to corporate taxes. However, countries in the region are caught in a race to the bottom in their attempts to incentivize corporate investment. Upon announcement of these new tax proposals, a number of transnational corporations – among them “Tech’s Frightful Five”, the successors to Alphabet, Amazon, Apple, Facebook, and Microsoft – have threatened to move their headquarters elsewhere.

MOSTLY UNSUCCESSFUL BUT FULL ENGAGEMENT WITH INTERNATIONAL INSTITUTIONS:

Green Thule’s government is strongly committed to international institutions, such as the United Nations, and to fulfilling its obligations under international agreements. It has repeatedly used international forums to plead for stronger global financial regulations, arguing that most of the wealth created by large corporations eludes national taxation as corporate profits are siphoned to tax havens off-shore. Green Thule’s fiscal experts continue advocating for a global system to curb transnational illicit flows. Yet despite a recent online data dump (the Patagonia trove) by workers at Ernst & Deloitte revealing large-scale corporate tax evasion, international financial institutions remain unresponsive.

PRESSURE TO LOWER THE DEFICIT, ENHANCE PUBLIC INFRASTRUCTURE INVESTMENT:

With a relatively high overall tax burden and high levels of spending on public goods and social protection, Green Thule’s government is struggling to maintain economic growth and limit the deficit. Fiscal pressure results mainly from the cost of pensions and health services for an aging population. While spending on key public services — the majority of Green Thule’s budget — is relatively secure, the country’s energy and transportation systems have suffered

from underfunding for the past couple of years. This has sparked public debate about paying down the national debt versus embarking on important public infrastructure projects. The government recently decided that reducing the deficit would lead to lower interest rates and thus create a more favorable climate for infrastructure investments. Corporate lobbyists have welcomed this policy, arguing that it will further economic growth. At the same time, the growing community of public benefit corporations and cooperatives has provided an alternative voice for more direct public infrastructure investment.

WELL-INFORMED AND ENGAGED POPULATION:

Green Thule’s residents are well-educated. People take classes in fiscal literacy and budget participation from an early age, and they exercise their right to information, which is legally guaranteed. Most have advanced knowledge of and access to data and digital systems, and are aware of the dark sides of technology, including the dangers of surveillance and the potential loss of privacy. The majority of people are politically active, motivated by the rule of a human rights-based system of law and policy.

Civil society organizations have blossomed and secured an important role in public debate and policy-making. On their current agenda, long-term investments in public infrastructure and measures to address environmental degradation figure prominently. Many groups also carry out intensive organizing to achieve high levels of civic engagement in the formal needs assessment process, and are now pushing to expand participation to all stages of the budget cycle, combined with greater limits on the power of representative institutions. Historically marginalized communities have largely achieved inclusion, driven by sustained social movements, which has led to a more cohesive society. However, more recently, Green Thule has seen some challenges to that cohesion in the form of rising tensions between modern secularists and more traditional religious communities around human rights issues.

THE GREEN SCENARIO

Some faith-based groups are uncomfortable with the strict separation of church and state and public spending on secular education, reproductive care, and gender-neutral public facilities. Their street protests have, on occasion, led to clashes with secularists.

Mediascapes are diverse and independent of governmental control, although not always free from corporate influence. Investigative reporting (including on fiscal matters and cases of corruption in the country's banking system) has a strong tradition. The majority of people are active on social media to various degrees, and political groups, community organizations, and movements network and mobilize via social media.

CONCERN OVER TECHNOLOGY'S EFFECTS ON DECISION-MAKING:

The exponential growth of “convergence” technology (which combines computer and telecom technology with robotics, artificial intelligence, and biotechnology) is affecting all spheres of private and public life. Tax collection uses smart neural network technology, which has increased efficiency and reliability. Government spending accounts are increasingly managed by humanoid robots, which are also capable of communicating with citizens in a knowledgeable, patient, and service-minded manner. However, their presence has altered the dynamics of participatory fiscal governance, and some CSOs have raised alarm about the integrity of rights-based decision-making. They fear that the use of artificial intelligence may be a slippery slope, and that future decisions about trade-offs on less prominent spending issues may be managed electronically

through complex algorithms that would be trained to prioritize efficiency and cost-effectiveness, instead of human rights and needs. Moreover, most of these advanced technological systems and their supporting services are owned and delivered by “Tech’s Frightful Five”. As traffic in fiscal data has become a profitable business, these companies are pushing for an expansion of electronic spending management that utilizes the next generation of predictive modeling. Yet mobilization against corporate control of technology and data is increasing. The new “Technology is Terror” network is warning about the emergence of a data-dictatorship and CSOs are pleading in international forums for regulating the collection and use of data as a public good.

EQUATE INFRASTRUCTURE INVESTMENT TO ADDRESS RESOURCE SHORTAGES:

Green Thule has faced early on the challenges posed by rapid urbanization and has collaborated with other countries on urban planning and architectural designs for green, safe and communicative cities. In 2039 Green Thule's capital was awarded the prestigious Communicative City Prize. However, like many other countries, Green Thule is confronted with natural resource shortages. Particularly in the big cities, water has become a pressing concern. While Green Thule was hoping for international assistance, a designated UN program has failed to raise the \$40 billion needed to improve water infrastructure in global cities. Community groups have begun to mobilize against public spending on UN missions, demanding that public funds are instead re-allocated to domestic infrastructure development.

GREEN SCENARIO:

CHALLENGES FOR STRATEGIC PLANNING:

In the **Green scenario**, the goals of fiscal transparency, participation, and accountability are robustly promoted and protected. Yet there are several challenges that need collective attention to avoid the **Green scenario** backsliding to a more problematic situation akin to the **Blue scenario**. It is not too late for **Green Thule** to develop strategic plans for addressing growing fiscal pressures, transnational corporate power, natural resource shortages, and the “dark side” of high tech. What will it have to do to sustain its rights-based democratic institutions along with civic participation in fiscal processes and policy?



THE BLUE SCENARIO

Centralized, automated, and consultative democracy: Blue Thule is a medium-sized, middle-income country, highly centralized and efficiently automated.

HOW TO
REDUCE
GOVERNMENT
EXPENDITURE?

YOUR
VOICE
MATTERS
PARTICIPATION.ORG

Earn Extra Money!

SELL
YOUR
DATA
NOW!

KEEP
CALM
and
SHOP
ON

THE BLUE SCENARIO

Its representative governance system has a tradition of national public deliberation and consultation, with the aim of maintaining a politically engaged population. For the past decade, Blue Thule has been governed under the aspirational motto “information and participation for all.” Throughout the 2020s, successive administrations took measures to increase transparency, publishing detailed budget data. Most importantly, Blue Thule put in place a state-of-the-art secure online citizen participation system, accessible via new biometric technology. This allows policymakers to regularly consult citizens on fiscal matters, although does not obligate them to abide by citizens’ input.

DWINDLING CIVIC INTEREST IN FISCAL PARTICIPATION:

While initially the biometric technology underlying this system caused accusations of Big Brother-ism, concerns were quickly appeased when the new government elected in 2025 imposed data privacy regulations, along with accountability mechanisms to ensure that these rules were implemented. Over the next few years, the private tech companies managing the system largely complied with privacy provisions and the issue of online participation gradually disappeared from the public news cycle. At the same time, fewer and fewer people availed themselves of this fiscal participation opportunity.

FISCAL MEASURES STRUGGLE TO RECTIFY ECONOMIC AND SOCIAL INEQUALITIES:

Leapfrogging competitors through smart adoption of technology, Blue Thule has seen significant development gains over the past 20 years. However, despite stable economic growth of 3% per year, and a slightly above average tax to GDP ratio of 40%, the country’s prosperity has not been equitably distributed. Reliance on a flat rate regime of indirect taxes, especially on consumption, is high, including an 18% VAT rate. Property taxes on residents and businesses located in the country’s most desirable census districts were de-

signed to increase the progressivity of the tax system; however, many have managed to evade tax payments. Income taxes contribute barely 15% of total revenues, and there are only two income tax brackets, with everyone earning above minimum wage taxed at the slightly higher rate. Although the government sought to stimulate a public debate about new approaches to capping income, potentially as part of a comprehensive tax overhaul to increase equity, responses to its proposals were muted. It also received little public input on whether to mainstream gender throughout its fiscal policies. While a good number of past spending programs ended up targeting women and girls, as of yet, these have not succeeded in reducing gender inequality. All in all, Blue Thule’s fiscal policies have not had a significant equalizing effect and point to the country’s ongoing struggle with economic and social inequalities.

PUBLIC APATHY, CORPORATE SECTOR HAS SUBSTANTIAL INFLUENCE OVER FISCAL POLICY:

Blue Thule has made an efficient transition to a predominantly automated workforce, initially incentivized by tax breaks. Five years ago a global tax agreement among the G30 shifting to unitary taxation (taxes due per jurisdiction attributed through an agreed algo-

rithmic calculation) has led the country to see a small decline in its share of transnational corporation (TNC) taxes, while larger economies have benefited. Subsequently, the state imposed a temporary corporate tax increase on big manufacturers, which is set to sunset this year. The corporate sector is now pushing hard for reductions in its share of the tax burden and is gaining more influence as civic participation in decision-making declines. It has donated large amounts toward the management costs of the online participation system, and funded many candidates running in the upcoming elections. Though some media outlets have tried to rile up public outrage at corporate lobbying, there has been little popular response. Many people feel disconnected from manufacturing industries in which they no longer play any role except as consumers.

INCREASING AUTOMATION AFFECTS PUBLIC SPENDING DECISIONS:

Fiscal pressure results mainly from low labor market participation rates, especially of young people. There is growing competition over public resources between an older generation, which still wields some political influence, and the majority of young people, who are disengaged. Blue Thule used the temporary corporate tax rate hike to fund the establishment and first five years of a universal basic income program, partly in response to increasing automation. This significantly reduced spending on social protection programs, yet increased fixed budget obligations. Providing a modest basic income may not be a sustainable solution for Blue Thule, and the regressive effect of consumption taxes neutralizes its benefit for lower income people.

HIGHLY TECHNOCRATIC ELITE, CORPORATE AGENDA PREVAILS:

Blue Thule has a high level of national debt. While the public is largely disinterested, corporations are keen for the government to pursue debt reduction policies in order to reduce their own financing costs. The government decides to use the online participation system to

consult the public about its views on national debt reduction: Choice A is through progressive individual and corporate income tax increases; Choice B is through public spending cuts and the sale of public assets; and Choice C is through a combination of both A and B. Information about each option is publicized through a range of corporate media outlets, as well as advertisements financed by corporations. Given growing participation apathy in the general population, online voting is low. Fearing another fight with corporations, the government is relieved that the popular preference seems to be for Choice B, enabled by the highly orchestrated corporate information campaign. As fiscal pressures are mounting, the increasingly technocratic elite in is more and more inclined to cater to the corporate agenda and accept the role of citizens as consumers. It implements cuts to the basic income program and public services, and reduces corporate taxes.

DESPITE GOVERNMENT EFFORTS TO OFFSET THIS, INFORMATION IS LARGELY CONTROLLED BY CORPORATIONS:

The 2030 government invested in initiatives seeking to stimulate the growth of a competitive media landscape, yet most e-news sites are owned by subsidiaries of Blue Thule's manufacturing companies. At the same time, the government prohibited the dissemination of political content on social media sites, because through the late 2020s, social media platforms had been seen to influence the online budget participation system. By the mid 2030s, statistics on online fiscal participation revealed steadily declining levels of citizen engagement, despite significant improvements to the consultation system, which had become increasingly easy-to-use and secure. Only Blue Thule's high- and upper-middle-income population, well-educated and fiscally literate, appears to be participating in the fiscal consultations. Although budget participation and the right to information are regularly discussed in priority-access e-newspapers and studied in university courses, a growing number of Blue Thuleans have

THE BLUE SCENARIO

taken to ridiculing the country's information and participation motto on popular e-comedy sites. There are no local budget processes that could make fiscal policy issues relevant and interesting to citizens. With the decline of civic engagement, Blue Thule's model of a deliberative democracy has shifted back toward a more traditional representative democracy.

URBANIZATION AND SOARING CONSUMERISM HASTEN ENVIRONMENTAL DEGRADATION:

Blue Thule is home to two fast-growing megacities. Seventy percent of the population lives in these cities and the urban sprawl surrounding them. These urban areas employ technology to develop Smart City innovations, with automatic systems to detect areas liable to crime or in need of maintenance, and high uptake of self-driving cars. Soaring levels of consumerism generate large quantities of waste. Transnational corporations (TNCs) continue polluting the natural environment to meet popular demand for consumer goods. Rather than curtailing cheap mass production, the state requires TNCs to invest in disaster-response technology.

PEOPLE SPEND MORE TIME ONLINE, SELL THEIR DATA; PURSUIT OF HIGHER EDUCATION DECLINING:

Data privacy regulations have allowed people to share their data with private companies in exchange for a fee, which is taxed and reinvested in disaster-response technology. It is so easy to gain this extra income that many people now devote more and more time to online

content and entertainment. This is particularly the case among the increasingly large youth population, who has reacted to the lack of good jobs by selling their personal data, thus supplementing their basic income. While educational opportunities are provided for all, the rate of those pursuing higher education has steadily dropped. The job shortage has reduced the incentives for pursuing education. Society as a whole has adopted the mentality that 'you only have yourself to blame' if you are unhappy. Over the past few years, sales of anti-depressants have soared.

SEGREGATED REFUGEE POPULATION:

A neighboring country, without the foresight nor the resources to anticipate disasters, suffered from several shattering earthquakes in the 2030s. Blue Thule responded with a refugee resettlement program, vetted through an online consultation in which only a small proportion of the population participated. Many Blue Thulean citizens have taken an "it's ok as long as it's not in my own backyard" approach to the issue; moreover, distracted by consumption and entertainment, the needs of these newcomers are hidden from their view. Refugees live in separate settlements and rarely interact with local citizens. They are not eligible for the basic income program or public services, and many are working in waste processing to make ends meet. Refugees are not authorized to take part in the online participation system; instead, they vote to elect their own community leaders. Protests against refugees have been far and few between, but are growing.

BLUE SCENARIO:

CHALLENGES FOR STRATEGIC PLANNING:

The **Blue scenario** demands political action to address the weakening of democratic processes and institutions and the increasing risk of state capture. If disengagement, inequality, unemployment, and corporate power increase, **Blue Thule** could shift toward a more dystopian scenario as presented in **Yellow Thule**. On the other hand, if the **Blue scenario** were able to reinvigorate its tradition of civic deliberation and engagement, curtail corporate influence, and make fiscal decisions that strengthen the social contract, it could move toward a more desirable future as presented in the **Green scenario**.



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THE YELLOW SCENARIO

Corruption-plagued, corporate-oriented, increasingly non-democratic state: Yellow Thule is a large, lower-middle-income country. In the mid 2030s, its liberal government was engulfed in a huge corruption scandal.



THE YELLOW SCENARIO

Combined with rising unemployment, overcrowded cities, and climate change-driven mass migration, this crisis enabled a ‘revolutionary’ independent candidate (secretly funded by a major TNC) to be elected by a large margin. The candidate promised to end corruption, stop migration, and restart the economy. Upon taking office he effectively curtailed parliamentary powers, and the country is now led by a cabinet made up entirely of former corporate executives, all of whom are men.

CORPORATE-FAVORING GROWTH POLICIES, HIGH UNEMPLOYMENT, TWO-TIER SOCIETY, ISOLATIONIST:

The new administration embarked on neoliberal economic policies aimed at corporate deregulation and tax incentives. Initially, economic growth increased, rising from 2% to 4% in the first two years. Share prices rose significantly, and corporations moved more functions into the country. Three years later, there have been several structural changes to the economy. The lack of competition laws has enabled a raft of mergers and acquisitions across a multitude of sectors, including banking, technology, media, transport, resource extraction, and manufacturing. Data privacy laws regulating the commercial use of personal data have been eliminated. TNCs have replaced large parts of the workforce with intelligent machines. High unemployment levels have resulted in a two-tier society that juxtaposes a managerial employed class with a sizable unemployed and underemployed class. Like several other countries, the new government has withdrawn from all international environmental and migration agreements. Corporations have restarted the extraction of the limited fossil fuel resources remaining in

the country and the surrounding seas. Decisions in land rights disputes consistently favor the TNCs, and marginalized rural communities face increased threats to their ways of life. Moreover, the country’s economy has been seriously disrupted by rising sea levels, which are beginning to submerge key coastal ports and trade centers.

BROKEN FISCAL SYSTEM, GROWING SOCIAL UNREST:

As economic growth has not only stalled but begun to reverse, the country now faces a broken fiscal system. Domestic revenue mobilization is limited, with the tax to GDP ratio dipping to 15%, and fiscal space for combating growing levels of poverty, improving public services and fixing critical infrastructure has diminished. A strong push toward increased reliance on domestic revenue, encouraged by international financial institutions, has largely failed, hampered not only by poor economic performance but also by corporate lobbying as well as growing social unrest. Disengagement by the international aid community in previous decades has taken its toll. Unchecked corporate power has seen a proliferation of corporate tax breaks and incentives, and corporate taxes have repeatedly been cut. All income, wealth and inheritance taxes have been scrapped. Instead, the country has relied on a plethora of indirect taxes and fees, which has further untethered public expectations of the state’s obligations to provide public goods. Income from VAT, levied on all goods and services, including basic needs, now comprises 60% of total revenue, yet receipts are shrinking. The international community is beginning to rethink its position as it sees the risks of spillover effects.

BUDGETING DOMINATED BY THE EXECUTIVE, NO OVERSIGHT:

The budget exercise has become increasingly superficial. Budgeting is dominated by the executive, with automatic approval by the legislature and no role for public participation. There are grand pronouncements on spending, yet little money reaching the people. The government makes a show of algorithmic-based allocations to match needs, but there is no transparency around the actual decision-making. In practice, many social sector programs are routinely underspent by 35-40%, and it is estimated that more than 25% of the budget is spent illegally each year. It is becoming increasingly clear that Yellow Thule suffers from high levels of corruption in the public sector. The country has no independent auditor. Because of the discrepancy between the allocation and spending of funds, the government uses an international private accounting firm to hide improprieties in its annual public accounts. Corporate-friendly legal and financial provisions facilitate large scale tax avoidance by TNCs. Yellow Thule's access to fiscal information law, dating back to the early 2020s, has lost credibility due to the subordination of regulators to the political authorities.

HEALTH AND EDUCATION SERVICES ARE PRIVATIZED AND DECLINE, PUBLIC SPENDING GOES TO SECURITY:

Most government spending supports national defense and the police, while health care and education, both of which had been the strongest pillars of society, have been privatized. Corporate lobbying, using promises of significant efficiency gains and cost savings, has led to the outsourcing of many security functions, which has fueled a growth in the number and influence of private security companies. The privatization of education has seen critical subjects, including all governance-related topics, scrapped in favor of technical education.

Previous efforts to invest in women and girls have been abandoned. Public health has begun to deteriorate—the densely populated cities are a Petri-dish for drug-resistant diseases. A new superbug has spread among poorer populations, and deaths by infectious diseases are on the rise. With a privatized health care system, many cannot afford treatment.

RESISTANCE IS GROWING AND ORGANIZING:

At the same time, people's resistance to the administration's policies has increased. Many civil society organizations actively scrutinize and challenge the government, communities are becoming organized, and new social movements are forming. Civil unrest is bubbling under the surface as the economy dips into recession, unemployment becomes structural — disproportionately impacting women — and poverty rises. The trigger is pulled when a group of hackers access and distribute information revealing how budgeting algorithms have helped direct spending away from public services and toward elite interests. Waves of protests pour into the streets, day after day, spurred on by organized grassroots groups in many local communities.

Government cracks down on CSOs and the media: Concerned by these ongoing protests, the government seizes on accusations of rioting and damage to private property (possibly caused by government provocateurs) to declare a state of emergency. It labels protesters as domestic terrorists and enacts a raft of new security measures. Civil society organizations are criminalized, protesters are arrested, elections postponed until further notice, independent media outlets banned, private security forces deployed to the streets, and enhanced surveillance measures implemented.

THE YELLOW SCENARIO

DONORS CONSIDER RE-ENGAGING, GOVERNMENT WARY:

Corruption and failed economic policies have driven Yellow Thule into a fiscal and political crisis. Debt has spiraled, creating incentives to borrow internationally. This opens up the possibility of external pressure on the Yellow Thule government from international financial institutions and other donors. The latter are considering re-engaging with budget support in exchange for a human rights review and fiscal commitments, including allowing donor tracking of funds with the tools of artificial intelligence. Yet although the administration sees no revenue options for restoring its economy and social cohesion, it is wary of exposing itself to international lender controls.

AGGRESSIVE NEW POLICIES PROVOKE FURTHER CIVIC DISCONTENT AND MOBILIZATION:

In the meantime, the interior ministry speeds up the implementation of a new national identification system. A micro-chip implanted on people's wrists offers priority access to public services, transport, and the purchase of many goods, most of which are controlled by a handful of TNCs working closely with the government. The data available through this chip allows the government to identify any individual who may present a future challenge to the state. At first, distrust of the government means that implantation levels are low. Some people retreat into the largely abandoned rural areas; others remain undocumented in the cities. In response to low implantation rates, the government makes the chip a legal requirement and security forces are tasked with finding those who are not registered.

ALTERNATIVE COMMUNITIES SET UP THEIR OWN PARTICIPATORY FISCAL GOVERNANCE SYSTEMS:

While discontent in the cities is high, it is in the vast rural areas that alternative, underground communities are starting to develop. Through projects of survival, including community farming, 3-D printing co-ops, skill-sharing networks, and time-banking, these communities are establishing modest yet functioning and environmentally sustainable economies and are able to provide basic education and health care services. Many communities develop their own participatory local governance systems, where decisions about community taxes and spending are made through a system of local people's councils. A group of hackers has managed to hide from state satellite surveillance and set up an alternative media network, which connects several resisting communities. Some communities are also linked into a global Network for People Empowerment, which is using social media to raise awareness of the growing resistance in Yellow Thule. International solidarity for Thule's alternative communities is rising, and support groups are forming in neighboring countries. Nevertheless, limited resources, geographic dispersion, and the threat of discovery are major challenges to the survival and sustainability of these alternative communities.

The background of the page is a yellow-tinted illustration of a city street. On the left, there are several tall, multi-story buildings with many windows. In the center, a person is standing on a sidewalk, looking towards a large, dark-colored building on the right. This building has a large sign on its side that reads "WELCOME TO THE GHEHHO!" in a stylized, hand-painted font. The overall scene suggests a dystopian or urban warfare scenario.

YELLOW SCENARIO:

CHALLENGES FOR STRATEGIC PLANNING:

Yellow Thule's economic and political institutions serve predominantly corporate and elite interests. While formal civic space has been eliminated, hope rests on alternative communities that have developed their own micro-societies. As popular resistance grows and becomes better organized, **Yellow Thule** may be approaching civil war. The yellow flag is raised to indicate an elevated state of risk of sliding toward the worst-case scenario. However, radical reforms may be possible if community-based resistance could draw support from international coalitions of governmental and non-governmental forces.



THE RED SCENARIO

Populist authoritarian government dependent on extractives: Red Thule is a lower-income country whose economy is reliant on extractive industries.



THE RED SCENARIO

Its relatively high economic growth during the later 2020s and early 2030s was made possible by extractive industry rents born out of new innovations in seabed mining, which provide raw materials for the world's battery dependent economies. The elite has captured those growth benefits to reinforce its own position within a populist authoritarian regime. High inequality is accompanied by a litany of human rights violations. Yet, people are not demanding their rights but revel in nationalistic pride, idolizing extractive production: "Red Thule powers the world."

STIFLED CIVIC ENGAGEMENT AND MEDIA:

In 2024 evidence of massive electoral fraud triggered large-scale protests, which were stopped by security forces and led to mass detentions. Government-owned media branded protesters as enemies of the people intent to undermine Red Thule's progress toward ever-increasing prosperity. Since then, civic engagement has plummeted, civil society organizations have ceased operations, and critical journalists have 'disappeared'. International transparency groups, donors and the UN Human Rights Commission initially submitted messages of protest and demanded international sanctions, but just a year later, the country's international standing was back to normal and Red Thule resumed its supply of raw materials to the rest of the world.

INDIRECT TAXES; STRONG PENALTIES FOR TAX EVASION:

Between Red Thule's "golden years" of 2025 and 2030 the country benefited from foreign capital flows and extractives investment and achieved economic growth rates of up to 5% per year. More recently, however, Red Thule's GDP has nosedived, as resource rents declined dramatically. Red Thule's strong position as the key provider for battery components is being challenged by other emerging forms of energy. Although extractives revenue, in the form of customs duties and extractives fees, continues as the mainstay of the country's income, the government recently began to impose indirect taxes, specifically VAT on basic consumer goods, with strong penalties for any perceived subversive tax evasion (to cut off an emerging underground economy).

PUBLIC SPENDING ON INDUSTRIAL INFRASTRUCTURE, PRESTIGE PROJECTS, SECURITY AND SURVEILLANCE:

Public spending is centered on industry infrastructure, national prestige projects such as sports stadiums, skyscrapers, spaceships, and resource exploration missions to Mars — all of which fuel public pride — along with security and surveillance. Basic services are provided at low cost by subsidiaries of the two main extractives companies, who in turn receive most of the consumption tax revenue collected by the government.

LACK OF INFORMATION ON – OR INTEREST IN – PUBLIC FINANCE:

The regime publishes a summary of the public budget every four years, although the imposition of VAT prompted the country's elite to request greater transparency. However, the administration pointed out that most regular expenditures are covered by its contractual agreement with the two main extractive corporations, which is of a proprietary nature. Since none of the seabed mining locations can be claimed by local communities, profits (and costs) do not have to be disclosed. In fact, most people are impressed by the leaders' largesse, which pays for all prestige projects. The idea that national spending and revenue should be public information has eroded completely and only a handful of journalists, based abroad, dare to publish articles about public finances. Within Red Thule, information about government finances has been replaced with statistics and stories of energy revenue sabotage by Red Thule residents. Coastal residents in particular have become subject to personal data mining and on-line smear profiles disseminated by government-funded PR agencies.

POVERTY, CORRUPTION AND CRIME ON THE RISE:

As the Red Thulean population appears largely passive, the lack of fiscal transparency and accountability is not questioned. Instead, corruption and crime have taken hold in large segments of the population, thus legitimizing the government's politics of fear. Fear mongering and scapegoating is particularly directed at the growing number of marginalized and impoverished people, as well as labor migrants working in the extractives sector. New technologies are exclusively used for purposes of social control. The country's political leaders are divided over whether to continue pursuing a more populist approach, or whether the time has come for more heavy-handed military control.

POPULAR DISCONTENT BREWING:

As economic disparities grow, divisions between population groups become visible geographically: urban slums proliferate, juxtaposed with high-security gated enclaves that overlook Red Thule's cities and coastlines. Because the media landscape is monopolized by the government and its corporate partners, and social media is saturated with jingoistic messaging, Red Thule's disparate communities have little to no knowledge of people outside their own circles. However, this increasing polarization of the population, combined with high levels of mistrust, fear, and growing religious sectarianism, is threatening to backfire. Some are beginning to turn their resentment against political leaders.

INTERNATIONAL COMPETITION AND SIGNIFICANT ENVIRONMENTAL DEVELOPMENTS STRESS THE ECONOMY:

Although Red Thule's legal system is very effective in handling the interests of international corporations

and foreign investors, the threat of instability causes some foreign capital to leave the country. In conjunction with dwindling ore resources for key global energy supply chains, fiscal pressures on Red Thule are increasing. A crisis point is reached after the enormous sea level rise in 2038 destroys key mining equipment and causes massive migration to already overpopulated cities. Urban environmental pollution rises to historic levels and endangers food and water supplies. The corporations contracted for protecting and providing basic public goods threaten to leave the country. A reaction from the international financial institutions is imminent, but as of yet it is unclear what it will look like. Exiled journalists comment that the international community has not played a helpful role in Red Thule's recent past. They place their bets on growing popular discontent against the regime. Some isolated rights-based organizing is happening under the radar by people who cannot understand how their country ended up in such a tragic state.

RED SCENARIO:

CHALLENGES FOR STRATEGIC PLANNING:

In the **Red scenario** the populist authoritarian government has disempowered its population and aligned itself with extractive industry interests. However, the country's economic model is starting to collapse, its political leadership shows signs of fracturing, and popular discontent is brewing. This could turn the country into a potential tinder keg. It could also inspire a peaceful revolution from below, especially with some strategic international support. Could there be a role for the international community, or can resistance and change come from below, or even from within government?

4. COMPARING THE FOUR SCENARIOS

KEY VARIABLES: GOVERNANCE AND CIVIC ENGAGEMENT				
	GREEN THULE	BLUE THULE	YELLOW THULE	RED THULE
GOVERNANCE	More democratic	More democratic	Less democratic	Less democratic
CIVIC ENGAGEMENT	More civic engagement	Less civic engagement	More civic engagement	Less civic engagement

MAIN THEMES AND KEY ACTORS				
	GREEN THULE	BLUE THULE	YELLOW THULE	RED THULE
MAIN THEMES	Rights, public goods, and empowerment versus transnational corporate power #PeopleVersusProfits	Centralized, digitized, and distracted - the risks of disengagement #GetRealOrGetRobots	Corruption and inequity breeds resistance and solidarity #RepressionGrowsResistance	Authoritarian politics of extraction and populist diversion #PrestigelsPower
POLITICS OF...	Empowerment: claim your rights	Distraction: going through the motions of democracy	Exclusion: produces inclusion into alternative communities	Bread and circuses, combined with divide and conquer
KEY ACTORS	<ul style="list-style-type: none"> Government CSOs, activists, and movements Private sector: multinational corporations on one side, and public benefit corporations on the other International financial institutions, United Nations 	<ul style="list-style-type: none"> Government Corporations 	<ul style="list-style-type: none"> Government International financial institutions Corporations Security forces Organized communities Movements 	<ul style="list-style-type: none"> Government Extractive corporations

FISCAL ASSUMPTIONS AND TRANSPARENCY, PARTICIPATION & ACCOUNTABILITY PROCESSES

	GREEN THULE	BLUE THULE	YELLOW THULE	RED THULE
FISCAL ASSUMPTIONS	<ul style="list-style-type: none"> • Sufficient revenue can be raised to fund needs-based budgets • Linking revenue to meeting needs and guaranteeing public goods will increase accountability and tax morale • Progressive taxes will be equalizing • Corporate tax competition can only be addressed through global financial reforms • Paying down debt will stimulate investment 	<ul style="list-style-type: none"> • Centralization and automation will increase economic growth • Civic participation in fiscal matters will legitimize difficult decisions, as long as it is consultative, centralized, and controlled • Fiscal policy can be used selectively to incentivize desired behaviors 	<ul style="list-style-type: none"> • Neoliberal growth policies will create prosperity and stability • Partnerships with corporations will be key to economic success • Corporations are the clients of fiscal policy-making • Privatization will stimulate the economy and will be more efficient and cost-effective than public services • DRM can generate sufficient revenue for national fiscal independence 	<ul style="list-style-type: none"> • Economic growth can be achieved and maintained through resource rents alone • Natural resources will produce revenue indefinitely • Public finance does not have to be public
FISCAL TRANSPARENCY, PARTICIPATION & ACCOUNTABILITY PROCESSES	<ul style="list-style-type: none"> • Fiscal transparency, participation, and accountability are present • Rights to information and participation, including in budgeting, are guaranteed • Budget development starts with participatory needs assessments • Fiscal processes are accountable for ensuring rights, measured by rights-based indicators • Fiscal literacy and CSO engagement on budget issues is high • Some fiscal processes are automated, which raises questions about their integrity 	<ul style="list-style-type: none"> • Fiscal transparency and participation are present, but no accountability • Online budget participation system consults citizens about fiscal issues, but results are not binding • Participation and fiscal literacy are much higher among the elite • Right to information is in place but not proactively exercised • Due to significant corporate control of media, much information about fiscal issues is slanted toward a corporate perspective 	<ul style="list-style-type: none"> • Little fiscal transparency remains, and no participation or accountability • Budgeting is dominated by the executive, with automatic approval by the legislature • Sizable budget allocations are not used as intended, and siphoned away by corruption • There is no independent auditor • Access to information law exists, but lacks teeth since regulators are not independent • Alternative communities have developed their own participatory local governance systems, where budget decisions are made through a system of local people's councils. 	<ul style="list-style-type: none"> • No fiscal transparency, participation, or accountability • The budget is no longer in the public domain, except for an outline budget published every 4 years • The government engages in proprietary contracts with corporations for the delivery of all basic services in exchange for VAT tax receipts • The judicial system is compromised; there is no fiscal oversight
FISCAL ACCOUNTABILITY TO WHOM OR FOR WHAT?	For meeting fundamental needs and ensuring rights	For using an online budget consultation process	To corporate interests	To the ruling elite

IMPORTANT DRIVERS				
	GREEN THULE	BLUE THULE	YELLOW THULE	RED THULE
TECHNOLOGY, DATA, AND AUTOMATION	<ul style="list-style-type: none"> • Tax collection uses algorithms, and spending accounts are managed by humanoid robots. • CSOs are concerned about the integrity of rights-based spending criteria. • Fiscal data technology is owned and delivered by big tech corporations. • CSOs warn about insufficient accountability for data technology in the fiscal space and demand regulation of collection and use of data as a public good. 	<ul style="list-style-type: none"> • Technology is driving political and economic systems. • The biometric online budget participation system has privacy protections, but online entertainment is more popular. • The efficient automated economy has produced an unemployment problem. • Data privacy laws allow individuals to sell their data, creating a market for trading personal data. 	<ul style="list-style-type: none"> • Data privacy laws have been eliminated. • Technology is used for surveillance, particularly a micro-chip based national identification system. • Automation has created structural unemployment. 	<ul style="list-style-type: none"> • Technology is used in the extractives industry and for prestige projects. • Government data is inaccessible to the public, but personal data is mined and used for online smear campaigns against individuals.
CORPORATE POWER	<ul style="list-style-type: none"> • Multinational corporations engage in tax avoidance and evasion. • Corporations use international corporate tax competition to pressure the government. • Corporate influence has led to corporate tax cuts. 	<ul style="list-style-type: none"> • There is growing pressure from the corporate sector to reduce taxes and limit regulations. • Corporations control most media outlets. • Corporations have influenced the online budget participation process. • A technocratic elite is gradually shifting toward catering to a corporate agenda. 	<ul style="list-style-type: none"> • The government has been captured by corporate interests. • There is large-scale tax avoidance by multinational corporations. Many public services, including security, have been privatized. • Corporations gradually come to control most services, goods, and infrastructure. 	<ul style="list-style-type: none"> • The government works hand-in-hand with the two main extractives corporations. • It has contracted with their subsidiaries to supply all basic services in exchange for VAT receipts.
ENVIRONMENT	<ul style="list-style-type: none"> • Environmental issues are addressed through fiscal policy (carbon tax) and urban planning. • Water shortages are a problem and infrastructure investments are falling short. 	<ul style="list-style-type: none"> • Consumerism generates large amounts of waste. • Investments focus on mitigating environmental problems through disaster response technology. 	<ul style="list-style-type: none"> • The government has withdrawn from global environmental treaties. • Fossil fuel extraction has resumed. • Densely populated cities are seeing the spread of infectious diseases. • The economic downturn is linked to rising sea levels, which are beginning to submerge coastal ports and trade centers. 	<ul style="list-style-type: none"> • Sea level rise destroys key mining equipment and causes migration. • Urban environmental pollution endangers food and water supplies.

Important drivers: Each scenario contends with several contextual drivers, or global trends. Among the most significant drivers are technology, data, and automation; corporate power; and environmental problems including climate change. Each scenario addresses these complex challenges in different ways.

FISCAL VARIABLES				
	GREEN THULE	BLUE THULE	YELLOW THULE	RED THULE
REVENUE	<ul style="list-style-type: none"> High tax to GDP ratio Good tax compliance Progressive tax mix: most from progressive individual income tax, plus VAT on luxury goods and services, a wealth tax, and carbon taxes Corporate tax rate lowered in response to international tax competition Proposed taxes: allow regions to impose taxes on financial and real estate speculation; a corporate tax on wage inequity; a tax on data flows 	<ul style="list-style-type: none"> Slightly above average tax to GDP ratio A flat rate regime of indirect taxes, including 18% VAT, generates most revenue Property taxes on residents and businesses located in the most desirable census districts, but tax evasion is high Low and almost flat income taxes Temporary corporate tax increase on big manufacturers is about to sunset Unitary taxation adopted by industrialized counties 	<ul style="list-style-type: none"> Low tax to GDP ratio DRM largely failed Indirect taxes and fees, specifically VAT on all goods and services, including basic needs, generate most revenue Proliferation of corporate tax incentives Corporate taxes cut repeatedly All income, wealth, and inheritance taxes eliminated 	<ul style="list-style-type: none"> Primarily extractives revenue, i.e. customs duties and extractives fees Indirect taxes, specifically VAT on basic consumer goods, with strong penalties for tax evasion
EXPENDITURES	<ul style="list-style-type: none"> Economic and social rights are treated as public goods, financed through taxes, free of charge at the point of use. Spending outcomes are measured by rights-based indicators. Water and energy are subsidized for the low-income population; for the majority, utility fees increase with rates of consumption. Public infrastructure is underfunded. 	<ul style="list-style-type: none"> Initial tax incentives for automation Universal Basic Income (UBI) has reduced spending on social protection programs, yet increased fixed budget obligations. Cuts to UBI and public services to reduce the deficit. Investment in disaster-response technology. Investments to diversify media landscape. 	<ul style="list-style-type: none"> Social sector programs are significantly underspent, compared to allocations. More than 25% of the budget is spent illegally each year. Most public spending supports national defense and security. Many public functions have been privatized. 	<ul style="list-style-type: none"> Public spending on extractives industry infrastructure, national prestige projects, security, and surveillance. Basic services are provided by subsidiaries of the two main extractives companies, in exchange for VAT receipts.
DEBT AND ROLE OF INTERNATIONAL FINANCIAL INSTITUTIONS AND DONORS	<ul style="list-style-type: none"> Decision to pay down national debt in the hope of creating a better investment climate. Fiscal pressures result from demographic changes, particularly an aging population. Engagement with international institutions has not yielded financial or policy benefits. Negatively affected by international inaction on tax competition. 	<ul style="list-style-type: none"> High national debt, uses public process to decide on debt reduction. Paying down debt leads to cuts to UBI, public services, and corporate taxes. 	<ul style="list-style-type: none"> Debt has spiraled, creating incentives to borrow internationally. Donors are considering re-engaging with budget support, may exert pressure for reforms. Government is wary of exposing itself to international lender controls. 	<ul style="list-style-type: none"> Fiscal pressure results from an economic downturn due to global competition and environmental crisis. Potential opening for pressure from investors and international financial institutions.

FISCAL VARIABLES [CONTINUED]				
	GREEN THULE	BLUE THULE	YELLOW THULE	RED THULE
GENDER RESPONSIVENESS	<ul style="list-style-type: none"> Use of gender disaggregated data in measuring fiscal policy impacts Public financial management systems are required to maximize gender equality outcomes 	<ul style="list-style-type: none"> Spending programs have targeted women and girls Gender responsive budgeting was considered but not adopted 	<ul style="list-style-type: none"> Previous efforts to invest in women and girls were abandoned 	<ul style="list-style-type: none"> No attention to gender inequity
MOST INNOVATIVE OR PROVOCATIVE FISCAL IDEA	<ul style="list-style-type: none"> Revenue is raised based on spending needs, rather than spending adjusted to available revenue Wage equity tax, based on the wage ratio between workers and executives Tax on data flows 	<ul style="list-style-type: none"> Biometric online budget participation system Individuals own and can sell their personal data, subject to a tax. 	<ul style="list-style-type: none"> Alternative communities set up their own participatory fiscal governance systems 	<ul style="list-style-type: none"> Proprietary contract with two corporations to deliver all basic services in exchange for VAT receipts

POTENTIAL TURNING POINTS			
GREEN THULE	BLUE THULE	YELLOW THULE	RED THULE
<ul style="list-style-type: none"> Growing pressure from corporations around taxes, and lack of international action on illicit flows Rapid expansion of technology use in the fiscal data space, with clashing interests of big tech corporations and civil society groups Fiscal pressures around water and public infrastructure, with looming urban water crisis and emerging civic mobilization 	<ul style="list-style-type: none"> Volatile dynamics of declining civic disengagement and rising corporate influence Rapidly growing inequality, driven by cuts to UBI and public services, regressive taxes, and structural unemployment Hidden underclass of refugees threatens social cohesion, creates resentment 	<ul style="list-style-type: none"> Fiscal crisis is drawing international attention, possibly spurring financial assistance combined with international pressure Growing discontent in cities with potential for massive resistance and violence Rise of independent, alternative communities, along with international solidarity movements 	<ul style="list-style-type: none"> Economic downturn, partly due to international competition, shows un-sustainability of extractives economy Popular discontent is brewing, especially following climate change-driven migration and urban resources pressures Political leadership shows signs of fracturing Potential pressure from international investors or institutions

5. EMERGING STRATEGIC IDEAS

The four fiscal stories presented above generated vigorous debate at the second Fiscal Futures workshop. Participants brainstormed strategic options that could enable progress toward the Green scenario, prevent the Blue scenario from sliding into an increasingly undesirable future, and avoid the Yellow and Red scenarios. We began identifying significant gaps in the fiscal transparency and accountability (T/A) field's current work, and put forward ideas for strategies to address them. Five recommendations rose to the top of our list:

1. DEVELOP A NEW PUBLIC FINANCE PARADIGM CENTERED ON EQUITY, INCLUSION, AND RIGHTS

- a. Develop a new public finance framework, rooted in equity and principles of economic and social rights that can capture the public imagination, advance a new social contract, and build constituency. Challenge the exclusively economic growth-centered paradigm and re-conceive development financing by creating a counter-narrative on taxes and spending that explicitly challenges the concentration of wealth and pursues redistributive goals.
- b. Build a broad multi-stakeholder network among development and public finance experts who challenge neoliberal tenets, with a view to overcoming fragmentation and influencing macroeconomic and public finance discourses.
- c. Change what is measured in the public finance field. Develop progress and outcome indicators beyond GDP to guide fiscal policy and the management of public resources, as well as public welfare.

2. INTEGRATE SPENDING AND REVENUE WORK AND HELP SHAPE A NEW REVENUE AGENDA

- a. Adopt an integrated fiscal approach that links revenue, spending, and debt issues and includes a gender lens. Create a narrative that combines the different components of the fiscal system within the frame of a broader social contract.
- b. Recognize that revenue is a key driver of public finance challenges, advance new thinking about revenue strategies in a changing economy, and expand revenue-related work. Turn the international push for domestic resource mobilization into an agenda for raising adequate revenue that increases equity in distribution. Develop a transnational strategy for combating global corporate tax competition.

3. COMBAT CORPORATE POWER AND CORRUPTION

- a. Recognize that current mechanisms to contain corporate power are not working, and that corporate capture of state apparatuses is systemic, not isolated. Advance a transnational corporate accountability strategy that includes judicial mechanisms with extraterritorial reach and worldwide unitary taxation.
- b. Bolster the anti-corruption ecosystem by strengthening public accountability institutions, including through developing linkages between oversight or investigative bodies and formal participation mechanisms.
- c. Bring fiscal governance work to bear on anti-corruption mobilizations, and help build capacity to shift the focus from discrete corruption events to systemic reform efforts that can prevent corruption.

4. GALVANIZE CIVIC ENGAGEMENT AND SUPPORT BROAD-BASED ORGANIZING

- a. Invest and engage in long-term organizing and movement building. Create and support solidarity and coalitions that are centered around unifying values or issues, emphasize interdependence, and cut across class and other differences.
- b. Consider campaigning around pure public goods (specifically environmental resources such as air, climate, water) to broaden civic engagement, reach middle class people who have exited from public services, and achieve horizontal scale.
- c. Shift the emphasis from supplying fiscal information to identifying information needs, specifically in the service of campaigns that address issues people care about. Connect with civic formations that address people's needs and develop fiscal information to support their efforts.
- d. Encourage "Active Fiscal Citizenship" by creating formal and informal spaces for effective civic engagement in budget processes, and by building public literacy and expertise within civil society to utilize these opportunities.

5. BUILD GOVERNANCE INFRASTRUCTURE FOR FISCAL ACCOUNTABILITY

- a. Become more political and engage with electoral politics to influence governance reforms. Consider support to voter mobilization as a building block to fiscal participation.
- b. Solidify and expand the fiscal accountability ecosystem by strengthening legal frameworks, institutions, and reformers inside government, and by establishing participatory public accountability bodies that assess fiscal policies, processes, and impacts against equity and other agreed principles.
- c. Support experimentation with more participatory forms of governance, both formal and informal, especially in the budget process.
- d. Democratize fiscal data and new technologies: shift toward a citizen defined data infrastructure to remove the top-down determination of what data is produced and used in the fiscal space. Challenge corporate control of technology and enact public good standards for the design, use, and proliferation of technology.

6. DO-IT-YOURSELF: A BRIEF MANUAL FOR SCENARIO PLANNING IN YOUR OWN ORGANIZATION

The scenario method is a strategic planning tool that can lay the groundwork for a more traditional strategic planning process. By inventing the future as something new and unpredictable, it replaces forecasting and prepares us for decision-making in conditions of uncertainty. Rather than extrapolating from the past and projecting our knowledge into the future — which assumes that the future is a predictable continuation of the past — scenario planning asks what-if questions to create several plausible futures. It encourages participants to identify trends, but avoids predicting the likelihood of those trends determining the future, and instead embraces uncertainty. While forecasts are risky as they often prove wrong and limit our strategic choices, scenarios embrace complexity and uncertainty to increase our flexibility and expand the reservoir of strategic options.

WHAT YOU'LL NEED

- » A group of participants, ideally 20 to 25, who decide on their preferred method of work; usually, small teams (e.g. 5 per team) will work on the design, development, and presentation of the scenarios. This includes examining what empirical data may be needed for a particular scenario and how that data will be collected.
- » Time: the process presented in this booklet consisted of two two-day workshops, with a project team carrying out research between meetings. This is the minimum time needed; more time would be ideal.
- » An open, trusting, and respectful environment: scenario planning is not about advancing agendas or making points, but about creating something together. Everyone has the same knowledge of the future: none at all. No one is an expert of the future.
- » Introduction to the scenario method: participants should be introduced to thinking in the future tense and encouraged to liberate their minds from the temptation of forecasting. While they will be asked to consider current trends, participants should be ready to embrace a storytelling approach. Scenario development is a creative and liberating exercise: it is fun but “serious fun” as it moves beyond creating awareness of emerging developments and makes participants co-authors of these developments.

The goal of the exercise is to teach participants to make decisions about an uncertain future.

- » Drafting the scenarios: writing and presenting the scenario stories in a compelling way may benefit from time, skill, and resources. A support person or team could be assigned to each small group, helping with telling plausible, consistent, and challenging stories, and using visual materials to illustrate them. Each scenario could be given an evocative title to signal its particular role in relation to the other scenarios.

HOW TO PROCEED: A STEP-BY-STEP GUIDE

Step 1: Theme & Time

Agree the theme, issue, or guiding question (the “setting”) for the scenario development. Discuss what key aspects of the future you want to explore to improve planning and decision-making (e.g. fiscal systems and policy).

- » Decide the time-horizon of the scenarios: in what year will your scenarios be set? Ideally, you agree on a year that is not in the very near future (to avoid the temptation of extrapolating from the present), but also not too distant (to avoid mental paralysis).

- » About two decades in the future is often a useful time frame. Your stories can refer to the history leading up to the selected date.
- » Optional: a collective stock-taking exercise that reflects on the state of past and current work and considers lessons learned and key questions.

Step 2: Drivers

- » Participants identify the key driving forces they consider important for future developments. The list of the drivers should include Social, Technological, Economic, Environmental, and Political Forces (STEEP).
- » This step often requires some desk research to better understand and define drivers.

Step 3: Ranking the Drivers

- » Participants rank the drivers by importance and uncertainty. How relevant are the drivers to the thematic issue agreed at the outset? How great is our uncertainty about the ways in which these drivers may shape the future?
- » Identify the most important and most uncertain drivers by using an importance/uncertainty matrix.

Step 4: Scenario Logics

- » In this crucial step, participants decide on the scenario logics, i.e. the most salient drivers (from the shortlist of important and uncertain drivers) to use as the basis for plausible scenarios.
- » The task is to select the key variables (usually two) that will be used for writing up a limited set of scenarios (usually four). For example, the scenarios in this booklet were developed along the two axes of democratic governance (more or less democratic) and civic engagement (more or less engagement).
- » Other, secondary drivers should be included in the stories, but they do not form the underlying logic.

Step 5: Writing the stories

In this step, participants (or team members) write the scenarios, design formats for presentation, and discuss and revise the scenarios after feedback from the whole group.

- » Four stories emerge after the selection of two key variables (if selecting additional variables, more stories can be developed but require more time/resources and may not be sufficiently distinct). In each quadrant of the matrix, participants develop a plausible story that responds to a specific combination of the two variables.

- » The combination of variables allows participants to identify desirable versus undesirable futures.
- » To develop desirable scenarios participants ask: if things went well — being optimistic but reasonable — what would we see as desirable outcomes? It is important to make underlying values and norms explicit and argue their relevance.
- » To develop undesirable scenarios — which can be early warning or disaster stories — participants ask: if things went wrong, what developments and outcomes would we fear? It is important to be clear and coherent about why something is viewed negatively.
- » Complex scenarios tend to be more useful than simplistic ones. Participants should be encouraged to incorporate some elements of both desirable and undesirable futures within all scenarios.
- » Four criteria can offer guidance when drafting the scenarios:
 1. Plausibility: the stories about the future must be reasonable and portray developments that could conceivably happen (even if we don't consider these developments very likely).
 2. Consistency: the stories must be internally consistent and coherent, and they should use secondary drivers in consistent ways.
 3. Relevance: the stories must be relevant to the main theme.
 4. Challenge: the stories should contribute to new thinking about possible futures.

Step 6: Developing Common Ground and Backwards Planning

- » Participants discuss and may develop a consensus on which aspects of the scenarios are desirable and which are undesirable. If there is agreement on a desirable scenario, this can help participants create a framework for a shared vision of the future.
- » Participants engage in “backwards” planning, i.e. planning from the futures depicted in the scenarios backwards to where we are today. The task is to explore what strategic action will have to be taken to avoid undesirable scenarios and to achieve desirable futures. Participants will shift from an awareness of uncertainty and complexity to developing strategies that respond to the developments illuminated in the stories. What strategic options are suggested by each of the scenarios?

7. WANT TO LEARN MORE ABOUT SCENARIO PLANNING?

HERE ARE SOME PLACES TO START...

Chermack, T.J. (2011). Scenario Planning in Organizations.
San Francisco, Berrett-Koehler Publishers.

Godet, M. (2006). Creating Futures: Scenario's Planning as a Strategic Planning Tool.
Paris, Economica.

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New York, John Wiley & Sons.

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San Francisco, Berrett-Koehler Publishers.

Kahn, H. (1984). Thinking about the unthinkable in the 1980s.
New York, Simon & Schuster.

Ringland, G. (1998). Scenario Planning. Managing for the Future.
New York, Wiley & Sons.

Ruyter, de P. (2016). Scenario based strategy. Navigating the future.
London, Routledge.

Schwartz, P. (1991). The Art of the Long View. Planning for the future in an uncertain world.
New York, John Wiley & Sons.

8. FISCAL FUTURES WORKSHOP PARTICIPANTS

(MARCH & APRIL 2018)

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Jennie Grant	IBP	INGO
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Rakesh Rajani	Ford Foundation	Funder
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Saskia Brechenmacher	Carnegie Endowment	Researcher
Scott Caldwell	DFID	Funder
Semkae Kilonso	Policy Forum	CSO
Subrat Das	Center for Budget & Governance Accountability	CSO
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The International Budget Partnership collaborates with civil society organizations around the world to analyze, monitor, and influence government budget processes, institutions, and outcomes. IBP's aim is to make budget systems more transparent and accountable to the public in order to improve governance and combat poverty.

The Transparency and Accountability Initiative is a collaborative of leading funders of transparency, accountability and participation worldwide. It envisions a world where citizens are informed and empowered; governments are open and responsive; and collective action advances the public good. Toward this end, TAI aims to increase the collective impact of transparency and accountability interventions by strengthening grantmaking practice, learning and collaboration among its members. TAI focuses on the following thematic areas: data use for accountability, strengthening civic space, taxation and tax governance, learning for improved grantmaking.

