LONG-TERM FORECASTING: MEDITATIONS OF TWO PITFALL COLLECTORS**

BY

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1 INTRODUCTION

Long-term forecasting is an activity at once amusing and relatively risk-free. It means, especially in economics, sketching a picture of a far-off future with the help of a set of equations that are mostly arbitrary and in any case difficult to understand, the picture conjured up being dependent on the figures and further assumptions fed into it.

Such forecasting is amusing because it is impressive, particularly if and to the extent that the consumer of these forecasts does not quite understand how they have been made. Many forecasters have become very apt to disguise their basic assumptions. The more because the situation which is forecast tends to deviate strongly in structure and dimensions from the present one, great authority is attributed to the forecaster: he shows himself familiar with situations the consumer has hardly dreamt of yet. There is little risk in making such forecasts because the year to which they refer lies in the very distant future. This reduces the chance of the forecaster being seriously confronted with a comparison of prognosis and reality, the more so as comparing forecasts with reality is far more complicated than it looks. For, indeed, the forecaster will make numerous explicit or implicit hedging reservations. If once in a while it should come to a confrontation, people tend to have so much understanding for “circumstances that have greatly altered since the forecast was made,” that criticism, if given at all, is mostly very mild.

Nevertheless the authors suggest not starting at too tender an age with

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long-term forecasts; the chance of being confronted with one’s own predictions might just be a bit too great. Especially the first author has found that out most painfully, and for that reason thinks it right and proper to give an earnest warning to young researchers. However, by labelling the forecast an opening gambit made first and foremost to induce other researchers to try and deepen their understanding and to improve the quality of the prognosis, the forecaster can already considerably lessen the danger of a confrontation with reality. For in this way the odium is thrown on those who have failed to introduce the necessary refinements.

“Most of the concepts in the world model reflect the attitudes and motivations of the recent past and present. Therefore the book does not incorporate the possible changes in human aspirations and values that might come from widespread recognition of the predicament facing mankind. All these and others are issues for future investigation. We hope this book contributes to the sense of urgency and also that it points to an effective direction for work by others who may choose to explore the alternatives for the future.”

Nevertheless there was in most cases quite a good reason to make the forecast. To decide about investments, for instance, one has to take rather a long future period into account. Likewise, for many measures such as changes in legislation, admission of foreign workers, issuance of rules of spatial planning, it is desirable to have an insight into the future, preferably on the longest possible term. Now that the forecasting profession has lost much of its glamour, a device had to be found to satisfy both the producers of forecasts — the forecasting scholars — and their consumers — the decision makers. The solution has been for the forecast maker to change the name of his activity: after an intermediary stage in which, in the Netherlands at any rate, only “precalculations” were talked about, the term “scenarios” has now come to be adopted as the ultimate expression. Unlike prognoses and even interval prognoses, with scenarios one has ample choice. They can be custom-made and have thus greatly enlarged the forecasters’ (now scenarists’) production range. On the other hand, because alternative scenarios can cover a very broad spectrum, they give consumers the feeling of having much more say in the supermarket of the future than they had in the time of simple forecasts.

The points touched upon above will be discussed in some more detail in what follows, the first point covering the general pitfalls of long-term forecasting.

1 Jay. W. Forrester, World Dynamics, Cambridge, Mass., p. IX.