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Strategic thinking in Government: without National Strategy, can viable Government strategy emerge?

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Additional written evidence

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List of additional written evidence

(published in Volume II on the Committee's website www.parliament.uk/pasc)

Written evidence

Written evidence submitted by William Dutton (ST 02)

I would like to respond to "Question 6. *Who is doing the strategic thinking on the UK's role in an uncertain 21st Century?*"

SUMMARY

Whitehall needs to reach across and outside of the Government for expertise and insight by using the Internet to source expertise, advice and insights of relevance to strategic thinking. Whitehall can foster bottom-up collaboration networks if it considers a number of guidelines:

— Do not reinvent the technology.
— Focus on activities, not the tools.
— Start small, but in ways capable of scaling up.
— Modularize, creating doable tasks.
— Be open and flexible in finding and going to communities of experts.
— Do not concentrate on one approach to all problems.
— Cultivate the bottom-up development of multiple projects.
— Experience networking and collaborating—be a networked individual.
— Capture, reward, and publicise success.

1. The diffusion of the Internet and Web has greatly expanded the potential for distributed collaboration, such as through sharing documents, contributing comments and co-creating information, as demonstrated by the successes of open source software development (Weber 2004). A growing number of visionaries see these initiatives heralding a revolution in how organisations, including governments, will function, by tapping the wisdom of crowds—the idea that the many are smarter than the few (Surowiecki 2004; Tapscott and Williams 2006; Malone *et al* 2009). These visions have been defined as "crowd sourcing" and "mass collaboration". However, the very notion of crowds and crowd sourcing is misleading.[1] In order to capture distributed intelligence, networks of individuals must be cultivated and managed. As I have argued elsewhere (Dutton 2008), they are not crowds. Networking platforms and management strategies must be carefully developed to capture the value of distributed expertise.

Expert advice and insight versus citizen consultation

2. Discussion of crowd sourcing in the public sector, such as through conceptions of "Wiki government" or "collaborative democracy", is complicated by the potential to blur distinctions between citizen consultation and expert advice. Noveck (2009: 17) defines collaborative democracy as "using technology to improve outcomes by soliciting expertise (in which expertise is defined broadly to include both scientific knowledge and popular experience) from self-selected peers working together in groups in open networks." This is a useful definition, but does not make a sharp distinction between two very different roles that networking can play in government.

3. One is gauging opinion, which comes closest to "collaborative democracy", that might ask citizens to respond to policy options, for example, on the basis of their experience. The other is engaging expertise, which might be based on scientific, technical, or experiential knowledge, such as being at the location of a problem. Using the Internet to gauge opinion is primarily focused on citizen consultation, while soliciting expertise online is focused on obtaining expert advice and insights. Understanding how to engage and respond to expertise can be as essential as consultation to the vitality of democratic institutions and processes, particularly with respect to strategic thinking.

4. The very legitimacy of decision-making in a liberal democracy depends on a government's responsiveness to public opinion. Even statesmen, taking positions in opposition to public sentiment, would seek to carry the public. Governments in liberal democracies have traditionally viewed their citizens as constituents and have thus sought to gauge and consult public opinion. Public opinion polls, committee hearings, and consultation exercises are largely geared to understanding the balance of public opinion concerning policies and decisions. New information and communication technologies (ICTs), such as the Internet, enable more direct and frequent patterns of consultation.

5. However, citizens are more than constituents, whose opinions are equally legitimate. Citizens also have the potential to be experts on particular issues, where some citizens have more expertise than others, such as when they possess specialised knowledge or particular experience relevant to a specific subject. Viewed as experts, the challenge for government is not only to air public issues and gauge public opinion. The problem is also to find relevant experts, on the basis of merit and a spirit of voluntarism, wherever they live or work. The next problem is to find ways to bring their expertise to bear on a particular question in a timely and effective manner.

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[1] In this sense, I would not agree with the thrust of Malone *et al* (2009). There is not a strict dichotomy between hierarchy and crowd sourcing as CNOs are managed networks albeit not strictly hierarchical in all activities.

Expertise and the Internet

6. Experts are individuals who have gained the experience or skills to be judged as authorities by others knowledgeable about a particular area (QED). Citizens are not necessarily experts, but any given citizen might conceivably have expertise in some specific areas. Experts could be citizens of a particular nation, but many might not be. In any given area, not all the experts are citizens of your country. Moreover, not all experts are equal as some experts might be viewed as superior to others. In such ways, getting the advice of experts is very different from consulting the opinions of citizens.

7. The expert has long been a critical aspect of governance, from Machiavelli's *The Prince*, written in 1513, to the present day, political scientists have wrestled with the role of experts in governance, particularly in democratic regimes (Benveniste 1977). Of course, expertise is already embedded in routine practice, such as when governments hire consultants, conduct studies, or build models to advise public officials on particular issues. However, the Internet provides mechanisms to create "distributed problem-solving networks"[2] that can complement, if not substitute for, in-house expertise and paid consultants, to provide timely and effective advice in ways that could reduce the costs to government, while engaging citizens in new and meaningful ways in the process of governance.

Consider an increased use of collaborative tools for citizen sourcing advice

8. The Internet can be used to form various types of networks, which I have called "collaborative network organisations" (CNOs), that can perform a variety of functions important to bringing expertise to bear on policy and decision-making. There are a number of efforts to develop distributed problem-solving networks, aimed at networking distributed intelligence. Such networks should be used by Whitehall to harness distributed expertise, building on the lessons learned from early cases, including the key opportunities and risks to those who seek to employ them in the public sector. Specifically, I would recommend that governments should utilise CNOs to inform policy and decision-making at all levels, such as by nurturing a series of pilot projects, orchestrated by a set of platforms, guidelines and policies that will enable bottom-up initiatives that can engage experts, be well managed, and inform policy and decision-making.

Champions within government can start bottom-up CNO initiatives if they

9. Do not reinvent the technology. Tailor existing software, such as MediaWiki,[3] rather than creating a homegrown system from scratch. The Internet is enabling increasing numbers of individuals to have access to the same content and the same tools. It is increasingly viable to use open source tools on the Internet and Web to build systems that are accessible to a wider population, and do not depend on in-house IT expertise and resources.

10. Do not focus on specific tools, such as Web 2.0 or social networking. Despite the popularity and cache of particular applications, it is important to focus on the activity that will be supported: sharing, contribution, or co-creation (Table 2, page 12) and bring the tools together to support it. Generally, most collaborations will want to move to the ability to co-produce documents, so tools that enable all of these activities are useful to build in from the start. The tools should follow from the activities you seek to support.

11. Start small, but with a design that is scalable. Many fears that surround distributed public intelligence stem from confusion over what it is, or major misunderstandings about what it will do. In discussing a policy blog with a senior official in a public agency, it became clear that he imagined a personal blog about what people did during the day. It became evident that he needed to see a mock up of the blog so that he would better understand what the proponents had in mind. In the realms of "crowd sourcing" and "mass collaboration", advocates cannot assume that everyone understands exactly what is being proposed. By starting small, opponents and detractors can learn more about the activity and either worry less or actually become enthusiasts.

12. Modularize. Finding the right level for modularizing tasks is key in two respects. First, it regulates the difficulty of participation, shaping the success of any online collaborative activities. Asking questions or posing problems that are too difficult will undermine the likelihood of anyone participating. This is an art that will require experimentation. Secondly, by modularizing tasks, and focusing on specific issues that are aspects of a larger problem, the exercise reveals less about the nature of the big questions, which an agency may wish to protect. In such ways, modularizing tasks increases participation and lowers the risks of citizen sourcing of expertise.

13. Be flexible in where you go for expertise. For some questions, there may be a strong community of experts, making it most sensible to bring your question or problem to that community of users. In other cases, there may be no community, making it useful to use a platform, such as Intellipedia, to build a community around a particular area of expertise. However, it would be a major social undertaking as it would require government to attract users to this platform and to build a community of users around it. An alternative is for government to go to communities of users with relevant expertise. Of course, both strategies could be pursued simultaneously.

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[2]   This label is derived from terminology of InnoCentive, and adapted by Paul A David, where it defined a project at the Oxford Internet Institute, entitled "The Performance of Distributed Problem-Solving Networks". http://www.oii.ox.ac.uk/research/?id=45

[3]   http://www.mediawiki.org/wiki/MediaWiki

14. Do not concentrate on one solution to all problems. Wikipedia covers a wide range of topics, but it is creating and maintaining an online encyclopedia. It has a clear focus. As Wikipedia began to be used for reporting breaking news, the team set up a separate space, called WikiNews.[4] Different communities of users are likely to frequent these different parts of the wiki, with each facing different problems, such as the priority placed on the timeliness of the news, as compared with encyclopedia entries, for which timeliness is less critical.

15. Cultivate the bottom up development of multiple projects. With top management support, many open technical platforms, and a set of policies and guidelines for users, a government could cultivate the development of a wide array of CNOs. Some large corporations have literally hundreds of CNOs within the firm. Each needs a champion, and these champions cannot be dictated from the top down. Networked individuals need to sense a value in networking on particular topics, and some need to take leadership roles, such as being a champion for a particular initiative. For such reasons, their formation is an emergent phenomenon, but one that can be cultivated by top management support and policies and guidelines that are welcomed by the users. Anyone in government should know that they might be able to go to the Internet or to a particular community on the Internet to get information, ask a question, or to solve a problem.

16. Get personally involved in distributed collaboration as a "networked individual" and encourage your colleagues to experience this process. It is particularly important that managers or professionals within a particular institutional setting gain this experience. This is how people learn how to use networks and capture the value of CNOs for your organiSation.

17. Finally, it will be important to capture, reward, and publicise best practice—success stories. These will help shape support for distributed networking, and also provide lessons for those leading other networks. This need not be a difficult job of documenting case histories, but simply acknowledging success stories that others can see as easily as by clicking a mouse and going to the Website.

October 2011

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Written evidence submitted by Derek Deighton (ST 03)

SUMMARY

1. This submission takes as its premise that: it is pointless to attempt to think strategically about global futures and the part SystemUK might play in these, and how in turn, these might impact on SystemUK, if we view these futures from within the wrong paradigm.

2. No attempt is made here to answer in detail the questions posed in the consultation document as this writer does not have detailed knowledge of the internal working of Government or the internal working of the Civil Service. The following commentary does, however, pick up on elements of the questions posed.

3. What is clear is that the paradigm within which we are viewing the future is wrong and several things disadvantage us, as SystemUK, in the future we are now in. These can be summarised in bullet point form as:

— We don't think of the World or ourselves as a system.

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4   http://en.wikinews.org/wiki/Main_Page

— We don't think of these systems as being constrained.

— We don't think of government's role as enabling the maximising of the "essential" value added to society over time, at continually reducing "Resource Intensity".

— We think of "productivity" primarily as people productivity rather than energy and physical resource productivity.

4. Unfortunately for the developed western economies there are also a number of things that will inevitably conspire to disadvantage SystemUK and the rest of these societies and economies.

— Our democratic system.

— The demographic fact that the WWII bulge of children, with essential embedded tacit knowledge, is now retiring.

— That SystemUK has had over a century of "education for industrial and environmental decline".

— That an ingenuity/innovation gap exists.

— The continuing reductionist/compliance approach to organisational management.

— Engineering contract optimism on cost and time.

5. Our survival as a coherent society with a viable and competitive economy depends on our recognising and exploiting the following realities, that:

— Useful net energy, water and physical resources will be constrained.

— People will be plentiful.

— People are innately ingenious, creative and enterprising.

— Some organisations and societies will survive and prosper.

As W. Edwards Deming said "Survival is not compulsory"

6. To keep this submission concise, no attempt is made to link its content to the large amount of evidence in existence. This can be supplied separately and the condensed arguments here can be expanded as required.

THE ASSUMED PARADIGM

7. The paradigm under which we think, live, globally and as SystemUK is a multi-planet one; where we think resources are unconstrained and the Resource Intensity, the resource use per person, per unit of service delivered is immaterial and that everyone can pursue "self actualisation" irrespective of the effects on others.

THE REAL PARADIGM

8. In reality the paradigm in which we are now living, for any future we can foresee, is the One Planet World, where useful net energy and physical resources, are increasingly constrained. This One Planet World is described by a mind model that is the One Planet Equation $1=P*C*RI$. This clearly expresses the reality that in a resource constrained environment and in the face of population growth, goods and services can only grow at the rate their aggregate Resource Intensity can be reduced at System level, SystemUK in the case of our society.

9. In the face of the reality that the Earth is balancing this equation, whether we ignore or not, the only viable way to frame Strategic Thinking within government and business is to face this reality and formulate policy and action on it. In the future we are in the only things that are not constrained are human ingenuity, creativity and enterprise and these must be liberated and focused to enable strategic action based on this paradigm.

THE PARADOX

10. Our failure to see this objective reality is due to the fact that all those with power and influence in society at this point in time have proved themselves the most adept at managing organisations within a multi-planet paradigm that no longer exists, and have created an educational system in their image.

11. If this had been done consciously then switching paradigms would be an effort, but as most are not aware of our global disconnect from reality, the shift represents a transition point of historical proportions. It is a transition we will make either by design or negligence, far better by design.

THE DEMOCRATIC SYSTEM

12. Strategic thinking within the Democratic System as presently constituted is an oxymoron. Our democracy has evolved through a never to be repeated period of increasing Energy Return on Energy Invested for the Western Democracies. EROEI is now falling and others are taking an increasing share of the energy and other resources we thought were ours.

13. Failure to evolve our reactive Democratic processes in the face of falling Energy and Resource Intensity through neglect rather than design can only lead to their loss. Our historical adversarial democratic processes,

which are without an embedded process of continual improvement, are a luxury we cannot afford in the resource constrained, One Planet world. A National Government will not suffice as this is not a "recession", a temporary difficulty we are passing through on the way to business as usual.

14. The process whereby SystemUK will, without an enlightened metamorphosis, lose cohesion and economic strength can be described thus:

It is widely recognised that the following are a problem for SystemUK:
— business (professional) services;
— a skills gap;
— an enterprise gap;
— an innovation gap; and
— a knowledge gap.

Politics and professional services are increasingly at the core of the problem surrounding Sustainable Development, as is the tendency of large organisations to use complexity to "divide and rule". The need for a "unique selling point (USP)" leads politicians, academics and professionals to sell every "tool" as a solution.

Next the tendency is to enshrine these "tools" in "standards", which in turn become certifiable to create a "standards industry", and work for them. This burdens businesses with "appraisal costs", Failure Demand that makes them uncompetitive in world markets.

Far more insidious is the fact that it engenders a compliance culture, where organisations live in fear of losing "ticks in boxes" and the other four challenges are thus created.

What is needed is a synergy between all the stakeholders in an organisation to make 2+2=5.

If we are to make "Sustainable Development the route for competitiveness" then we have to innovate in "process design for Sustainability".

We can only do this with a synergy of all the stakeholders involved to pool knowledge and skills; to crosslink and identify and correct deficiencies. Doing this should "enable process learning" to locate the problem areas. Now we have to take account of external factors before, hopefully, the "spark of ingenuity or innovation" is ignited to move the process in the direction of sustainability. This is conventionally termed "quality improvement".

SystemUK is going down the reductionist/compliance route; which is making synergy impossible and innovation and ingenuity unlikely. There is also the real risk that knowledge and skills development will be concentrated in the wrong areas and vital areas missed.

The most vital area at the moment is research and skills creation in the "demand side control of energy".

The "virtuous circle" can be applied at all levels—if we apply to the democratic system, I come to the unfortunate conclusion—every time a politician changes jobs they think they have the right answer, so the requirement of "doing the right thing right, every time", is compromised and as they have to be re-elected every five years—their ingenuity is mainly used in staying in office rather than improving the process.

In addition the external factors or targets they introduce are more likely to be short-term, political and unrelated to any process learning that might have been achieved.

SYSTEMUK

15. In the resource constrained One Planet World we have to find our way forward as a coherent society whilst maintaining as high a "Quality of Life" as we can for all citizens, the reductionist and compliance approach to "maximising the essential value added to society" by economic activity is bound to fail as detailed above. In this environment "Strategic Thinking" has no meaning.

16. If Strategic Thinking by government is to have any impact, we have, as consistently as possible, to think of the UK as a system, SystemUK, not a set of reductionist parts we can alter independently of each other. The waste, or failure demand caused by this in a resource constrained environment is unsustainable.

17. Strategic Thinking is about defining what the right thing to do is, and enabling its realisation at reducing energy and physical Resource Intensity of the essential service delivered. Essential services are those that a Society defines as contributing to its fundamental Quality of Life. In the One Planet World it is unlikely that SystemUK can continue to provide the "wants" of a significant percentage of its population but only the core essentials of its negotiated Quality of Life.

18. Strategic Thinking is about the "effective" use of available resources to maximise the essential value added to society, rather than the efficient use of resources in processes that do not add essential value to SystemUK eg The Resource Intensity of a process that adds zero value to society is in effect, infinite. ie Total waste.

19. The effective use of resources requires Strategic Thinking at SystemUK level to minimise the losses in essential processes so that failure demand is not created along with essential value eg Law and order achieved by self control built into citizens by feeling part of SystemUK, rather than being policed in. Failure demand thus increasing the Resource Intensity of Security at SystemUK level.

20. The greater percentage of how we creatively and continually reduce the Resource Intensity of Society (RIoS) is in how we organise ourselves strategically as SystemUK.

CONCLUDING REMARKS

21. As recognised in the Background to the Discussion Document the future is uncertain both in outcomes and the associated risk. What is objectively clear is the Net Useful Energy available to societies is, or will soon be, falling. Whilst the theoretical energy available is massive, its average energy density is falling as well.

22. Any basis for "Strategic Thinking in government" must recognise this reality and lever it to ensure that SystemUK survives as a coherent and competitive entity.

23. On the time scale involved all drivers in education and research must be directed to this end. (46 years of convention oil reserves left, BP Statistical Review, 2010). Particular attention should be directed to (20).

24. There are no such things as "green" economies, goods or services, only those that "maximise the essential value added to society at continually reducing Resource Intensity" eg Wind Energy still has to be harnessed at minimum energy, organisational and physical resources invested over its life cycle.

25. Only societies and organisations that can define the "essential" value they add to the global system and are able to deliver it at continually reducing Resource Intensity will survive in the One Planet World $1=P*C*RI$.

26. Unless we can make the required Paradigm Shift, assuming no doomsday, SystemUK will enter a more sustainable world, but it will probably have a far lower Quality of Life, even lower than a more equitable share of current global resources would indicate.

27. John Maynard Keynes summed up this struggle of paradigm shift in the final paragraph of the Preface to his seminal text "The General Theory of Employment, Interest and Money".

> "The composition of this book has been for the author a long struggle of escape, and so must the reading of it be for most readers if the author's assault upon them is to be successful,- a struggle of escape from habitual modes of thought and expression. The ideas which are here expressed so laboriously are extremely simple and should be obvious. The difficulty lies, not in the new ideas, but in escaping from the old ones, which ramify, for those brought up as most of us have been, into every corner of our minds".

The ideas expressed in this submission are also simple and should also be obvious; the time for Systems Thinking within the One Planet World paradigm has arrived.

October 2011

Written evidence submitted by Zaid Hassan (ST 04)

SUMMARY

We are in the midst of a crisis, one that is little understood and will shape the contours of our societies in the coming decades.

At the heart of this crisis is the question of how societies meet their energy requirements.

Societies everywhere seek to enter into cycles of growth. Such cycles are currently reliant on cheap fossil fuels and the availability of cheap finance, both of which cannot be assured.

The un-sustainable nature of such growth cycles risks a "maintenance crisis," a decline in capacity, which if unchecked results in permanent losses across all sectors of society.

The UK is currently suffering a maintenance crisis with attendant losses in capacity.

This crisis is part of the strategic backdrop for institutions today. Decisions are made with little cognisance of the wider strategic backdrop.

It is difficult to discern strategies for the transformation of such growth cycles from a reliance on cheap fossil fuels. It is also difficult to identify serious strategies to cope with the implications of continuing to fuel such cycles, which will probably result in dangerous climate change.

Public institutions are ill suited to responding strategically to this crisis.

Business-as-usual responses to this crisis are purely tactical in nature. They are piecemeal at best and will be almost certainly be overwhelmed by trends.

If governments fail to respond strategically to this crisis, "developed" countries risk losing that status by going through a "long descent" to pre-developed states.

We are experiencing a strategic vacuum that must be urgently addressed by our institutions.

There needs to be widespread recognition that our institutions are not currently up to the task of responding strategically to our current crisis.

Efforts to address complex challenges at a causal and strategic level must be valourised and resources diverted to address the vacuum of strategic thought in public institutions.

We must re-negotiate the contract for services between public institutions and society to take into account strategic responses to the current crisis.

NOTES

Energy is a core strategic driver

1. What key drivers will shape our societies in this coming century? A decade into the 21st Century we are in the midst of a little understood crisis.

2. Our contemporary crisis is a function of the ability to generate enough energy to serve current and growing requirements of a society.

3. Energy, when usefully harnessed, is incorporated via energy flows into the idea of "capital"—defined as including "… physical capital such as food, fields, tools, and buildings; human capital such as laborers and scientists; social capital such as social hierarchies and economic systems; and information capital such as technical knowledge."[5]

4. Modern societies are dependent on energy. Our ability to produce new capital, for example, to feed ourselves, our ability to build infrastructure, our ability to create new products and services, our ability to respond to the challenges we face, are all a function of energy.

5. Societies can be categorised into three classes. Firstly, high consumers of energy, for example the US or the EU, secondly growing consumers of energy, such as Brazil, India and China (the BRICS) and thirdly low consumers of energy such as for example sub-Saharan nations.

6. All three classes of society aspire to high-quanta of energy consumption and seek developmental pathways towards ever increasing energy requirements while becoming increasingly cognisant of limitations imposed on these pathways by climate science.

7. In the coming century, societies everywhere will be shaped by their strategic responses to the question of how they will meet their energy requirements.[6]

From growth to collapse

8. Nation-states seek to enter (or in some cases maintain) a cycle of surplus production. Capital is used to produce surplus capital, which in turn helps generate yet more capital (with waste as a byproduct of production). This process is a cycle of growth. In recent history such cycles have been fed by fossil fuels, with a combination of public policy, private finance and technology providing the means of growth. On civilisational scales such cycles are known as anabolic cycles.[7]

9. Growth cycles require capital surpluses of many different types in order to feed growth. China is in a classic cycle of growth, with a surplus of USD $3.5 Trillion[8] looking for investments coupled with the largest labour pool in the world. China's capital surplus will thus be used strategically to maintain and accelerate China's growth.

10. Countries that do not have such capital surpluses increasingly rely on either sovereign debt or taxes to feed cycles of growth. In other words, where they cannot simply raise taxes, they borrow money as a means of generating other forms of capital, or energy flows, to feed growth.

11. Societies increase in complexity during periods of growth. Some examples of complexity in this instance are new infrastructure, new types of consumer goods or the growth of new service industries.

12. Increasing complexity in society, also known as "development", requires increasing amounts of capital (physical, social, informational etc) in order maintain systems.

5   *"How Civilizations Fall: A Theory of Catabolic Collapse"* by John Michael Greer (2005)
    www.dylan.org.uk/greer_on_collapse.pdf
6   See *"The Quest: Energy, Security and the Remaking of the Modern World"* by Daniel Yergin, (2011) for an account of energy in the 21st century.
7   Greer (2005).
8   *"China's May 2011 Budget Surplus 234.4 Billion Yuan"*
    http://thecognitivedissonance.com/?p=1946

13. The energy required to maintain complex societies, so called "maintenance energy," is higher than that of less complex societies. Societies can be ranked according to their energy intensity, the higher the energy intensity, the greater the maintenance energy required.

14. A change in society's ability to meet its maintenance energy requirements, for example from a drying up of liquidity, the decline of natural resources, or an increase in the per-unit cost of energy, leads to a "maintenance crisis".[9]

15. In a maintenance crisis, a society struggles to ensure that capital, in the form of physical capital, social capital and informational capital is not lost.

16. A number of societies that are high-consumers of energy, as well as a number of low-consumers, are currently experiencing such a maintenance crisis, which puts them into a cycle of decline. On civilisational scales such cycles are known as catabolic cycles.[10]

17. The timeframe for such declines are measured in decades and centuries. Demographic trends currently in motion or prevalent behaviours provide some of the driving forces for such declines. Such timeframes are not easily amenable to policy-responses.

18. Arguably, the United States went into such a decline sometime in the 1970s.[11] Its loss of manufacturing capacity over the 1980s-1990s one sign of entering a cycle of decline.

19. As such a crisis continues, high-energy societies risk a loss of complexity. These losses are initially temporary, for example, new hospital wards being unstaffed for a year, but then lead to permanent losses with unused hospital wards becoming permanently unusable.[12, 13]

20. If growing consumers of energy are unable to continue to find capital to grow, they will face the eventual prospect of decline and potential collapse. Collapse represents a permanent loss of complexity. Russia after the collapse of the Soviet Union provides a modern instance of such a loss of complexity.[14]

Complex societies are subject to limits

21. Strategies are actionable pathways that lead to a success scenario. In considering the energy requirements of societies, success scenarios would need to address shift to a cycle of growth fuelled in a sustainable manner, and the arrest of decline, and the prevention of widespread collapse.

22. The combination of maintenance requirements for high-energy society and increasing requirements for growth-societies means that the planet as a whole is in a cycle of growth, with energy consumption and hence emissions increasing every year.

23. Global emissions from energy alone hit 32 GT per year of CO_2 in 2010. The International Energy Agency had originally predicted the world would reach this level of emissions in 2020. Current pledges see emissions increasing.[15]

24. The particular combination of growth at a planetary level and decline at the level of the Western nation-states has resulted in a peculiar set of crises in almost every system that can be named, from finance to food to healthcare. All of these crises are struggles of trying to meet maintenance requirements.

25. Against this backdrop of growth and decline is the science of planetary limits. Current climate science demands that prevention of dangerous anthropogenic climate changes requires that global emissions peak by 2015–20 and decline by 90% (or more) by 2050.[16]

26. There is virtually no prospect of the global growth cycle either being arrested or fed by renewable energy within the next 5–10 years as the science demands.[17]

27. Developed societies have dramatically overspent their carbon budgets in order to feed growth. The complexity that results from these investments risks being largely unsustainable, either due to a lack of

[9] Greer (2005).
[10] Greer (2005).
[11] *"The onset of catabolic collapse"* by John Michael Greer (2011)
     http://www.energybulletin.net/stories/2011–01–20/onset-catabolic-collapse
[12] "Hospitals 'struggling with NHS mortgage repayments'"
     http://www.bbc.co.uk/news/health-15010279, 22 September 2011
[13] "Far-reaching changes in the system of care and the biggest-ever squeeze on health budgets could lead to record numbers of beds and hospitals closing. "London's NHS 'On the Brink'"—BMA, 6 January 2010,
     http://www.bma.org.uk/representation/local_representation/regional_councils/lrcreportlondonsnhsonthebrink.jsp
[14] "Reinventing Collapse: The Soviet Example and American Prospects"—Dmitry Orlov, New Society Publishers (2008)
[15] "To limit warming to these goals, total global emissions need to drop below 44 billion tonnes CO2eq per year by 2020. In 2010 emissions were about 50 billion tonnes CO2eq per year and rising. Under the Cancun pledges we project that global emissions could reach 54 billion tonnes CO2eq per year by 2020…" Source: http://www.climateactiontracker.org/
[16] "Copenhagen Accord pledges are paltry", Joeri Rogelj, Julia Nabel, Claudine Chen, William Hare, Kathleen Markmann, Malte Meinshausen, Michiel Schaeffer, Kirsten Macey & Niklas Höhne in Nature 464, 1126–1128 (22 April 2010).
[17] "On Development, Demography and Climate Change: The End of the World as We Know it?" by Tim Dyson London School of Economics, Population and Environment, Vol 27, No 2, November 2005.

sustainable non-debt based capital to purchase cheap energy, or a lack of cheap energy[18] ("energy famines"),[19] or due to the reality of planetary limits.

28. The un-sustainability of investments, that is, highly complex societies without the capital to maintain their systems, leads to decline, then risks collapse and thus to the widespread loss of complexity (capacity).

29. High-energy societies are trapped in an energy bubble, one that risks collapse under current "business-as-usual" (BAU) responses. The only route out of this bubble would be the discovery of endless supplies of cheap energy (with accompanying climate impacts).

30. The costs of feeding this energy bubble will be borne by the poorest members of our society. The poorest members of our society are defined by their lack of ability to be mobile in the face of crisis. In the coming century the poor will be those unable to move in the face of oncoming crises, be that financial or climatic.

Strategies do not exist

31. At the level the global or specific nation-states, virtually no strategies exist for achieving sustainable growth in the short term, or for addressing decline nor for coping with collapse.

32. No strategies exist for addressing peaking of global emissions by 2015.

33. No strategies exist for bringing global emissions down to a safe limit by 2050. Policy orientated responses such as the UNFCCC largely leave the challenge of implementation to a post-treaty phase, by which time planetary thresholds will likely have been crossed.

34. This lack of strategy increases the probability of dangerous climate change dramatically. A world characterised by dangerous climate change is a situation that remains almost entirely un-confronted from a strategic point of view.[20] Such a situation will put increased pressure on development, humanitarian and security responses and will largely shape relationships between nation-states.

35. Some success scenarios for shifting growth cycles from fossil fuels to renewable sources exist. These are however technical models[21] designed to support decision-making. While it is therefore possible to imagine scenarios, practical strategies for manifesting these scenarios are non-existent.

36. The market currently provides no incentives to undertake steps towards shifting growth cycles to minimise carbon dioxide emissions, nor to de-carbonise the growth cycle to be fueled by renewable sources.

37. Piecemeal strategies currently exist for reducing the energy intensity of societies, that is, the lowering of the maintenance requirements of society. All such strategies are, however, largely out of step with what the science demands and are contingent on the shifting winds of political reality.[22]

38. Strategies for how such maintenance requirements are going to be met on a planet with an extra three billion people are difficult to discern.

39. Current responses are predicated on ignoring the interconnections between systems. For example, an international liquidity crisis, a food crisis or global emissions limits do not recognise the distinction between domestic and foreign, nor the distinctions between ministerial portfolios.

40. A lack of global or national strategies means that nation-states will be locked into increasingly difficult struggles to meet their energy requirements. These struggles will shape the contours of our societies in the coming decades.

41. Public institutions are perhaps least suited to respond strategically to the coming struggles responding largely to short-term political drivers as opposed to medium or long-term geo-strategic.

42. There exists a strategic vacuum as to how we should respond to the crisis we find ourselves in.

Business-as-usual responses will be overwhelmed

43. This is a key part of the strategic backdrop for decision-making today, of which there is a profound lack of cognisance.

44. The nature of the crisis means that current, that is, business-as-usual (BAU) strategies generally consist of piecemeal responses. They focus on the optimisation of just one part of a sub-system, such as the "Greek debt-crisis" or "food" or "education," while ignoring the wider systems that such sub-systems are a part of and intimately connected to via energy flows.

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[18]   "North Sea gas production falls 25%"
      http://www.guardian.co.uk/business/2011/sep/29/north-sea-gas-production-falls-by-a-quarter.
[19]   "5% health: The risk of catabolic collapse and peak fat in modern health systems" by John Thackara, (2011)
      http://energybulletin.net/stories/2011–10–01/5-health-risk-catabolic-collapse-and-peak-fat-modern-health-systems
[20]   See Dyson 2005 for more.
[21]   http://www.iiasa.ac.at/Research/ENE/model/message.html and
      http://gains.iiasa.ac.at/index.php/home-page/241-on-line-access-to-gains
[22]   "George Osborne vows UK carbon emissions cuts will not lead Europe"
      http://www.guardian.co.uk/environment/2011/oct/03/osborne-uk-carbon-emissions-europe

45. BAU strategies focus on what could be thought of as the "downstream" component of challenges, that is, the alleviation of symptoms. Such a focus is blind to causal events "upstream," and unable to address the root causes, the underlying origins that create the symptoms in the first place.

46. BAU responses are rooted in a planning and technical mindset, that is, they are largely technocratic in nature. The nature of the crisis we face is much more than a technical problem, for example, the climate crisis has been called "the perfect moral storm."[23] As such BAU strategies place a limit on policy responses. Responses outside of BAU are largely invisible or disregarded by policy-makers.

47. A BAU response can be thought of as a response that is essentially tactical, as opposed to strategic, in nature. This means that a decision is made on the basis of "greatest immediate value" to the actor making the decision as opposed to a strategic decision made "to achieve the greatest overall value irrespective of immediate return."

48. The tactical nature of BAU responses ignores the relationship between the production of symptoms and shifts in our capacity to treat symptoms. If our capacity to address symptoms declines (as happens during a maintenance crisis), while the rate at which symptoms increase dramatically, then we can be mathematically certain that current strategies will be overwhelmed.

49. This strategic vacuum can be filled. Doing so requires just one internal shift, a genuine willingness to depart from "business-as-usual" strategies.

50. The opportunity represented by this strategic vacuum is enormous. Within it lie new models of governance, new business models, and new approaches to civic participation. Nations and organisations that wake up to the nature of the crisis will find themselves in positions of leadership in the coming decades. Those that do not, will struggle with decline and collapse or simply fade away.

51. If however, conscious and deliberate strategies are not articulated and put into action, then human society as a whole risks collapse, with an attendant loss of complexity.

52. The UK is an example of a high-energy society. This means that it requires large amounts of capital and access to cheap fossil fuels in order to maintain its energy-intensity.

53. There are signs that the UK is suffering a maintenance crisis.

54. The most obvious manifestation of a maintenance crisis being cuts in public services even as absolute levels of public borrowing increase. Cuts in services represent a loss of capacity. In other words, the UK as a whole is currently unable to maintain levels of provision in public services.

55. Increasing energy costs for consumers, a repudiation of climate related pledges, the decline of existing fossil fuel assets and a search for new sources of energy are also indications of a maintenance crisis.

56. Historically societies attempt to remain in a growth cycle by sacrificing parts of society that seem unviable to maintain, for example, the coal-mining industry or a manufacturing base. Such sacrifices and the loss of capacity they represent signal a maintenance crisis. We are currently experiencing a new round of such losses.

57. It is unclear if the current cuts to public services are temporary or a prelude to permanent losses.

58. If governments fail to respond strategically to this crisis, "developed" countries will lose that status and revert to pre-developed states.

59. A key difficulty in addressing these issues involves transcending denial, reactionary positions, tactical responses, and depression in accepting our situation coupled with an unwillingness to act.

Urgent actions are required

60. We must understand that this crisis is of concern not simply to energy experts or climate change specialists but is of wider strategic concern across public institutions.

61. We must accept that institutional change is urgent and the consequences of not acting are a "long descent" from "developed" to "less developed".

62. We must assess the state of the "contract for services" between public institutions and society. What is the purpose of various government departments? What services are they contracted to deliver? Are they actually delivering on these services? Are they failing strategically while succeeding tactically? Are they addressing decline and collapse scenarios?

63. We must articulate the distinction between activities that seek to shift the underlying causality of complex challenges hence disrupting the production of problems and those that just seek to alleviate symptoms.

64. We should consider diverting a percentage of public effort to shifting the causality of complex challenges, that is, address issues at the level of their causes.

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[23]   *"A Perfect Moral Storm: The Ethical Tragedy of Climate Change"*, Stephen M Gardiner, Oxford University Press, 2011.

65. We must valourise efforts to address issues at the level of causes by diverting at least 1% of all public spending per department to addressing causal challenges.

66. We must recognise that new capacities and skills are required for example, the capacity for strategic thinking, facilitation (rather than management), entrepreneurial activity, cross-boundary leadership and so on. Such capacities and skills cannot be built in the classroom but only through action learning.

67. We must re-negotiate the contract for services between public institutions and society to take into account strategic responses to the current crisis.

68. We can act as a convener for a "third space" of response beyond what is already being done with government services (the first response space for social challenges) and civil society responses (the second response space for social challenges).

69. As part of a "third space" response, we can convene action-orientated multi-stakeholder agencies to address systemic challenges. Such agencies would bring together key government, business and civil society actors to work together in order to address "upstream" causal challenges in a number of vital areas, for example national energy efficiency. Use 1% of all public spending to resource such agencies.

January 2012

Written evidence submitted by Commodore Steven Jermy RN (ST 05)

SUMMARY

Events, and Her Majesty's Government's actions, in Libya suggest that the UK has still not recovered its ability to think and act strategically in pursuit of the national interest. Although, at the time of writing, the campaign appears to be approaching—with the death of Gadaffi—a positive conclusion, this is very possibly more to do with good luck than with good strategy. Furthermore, whilst the civil war may be close to its conclusion, the stability phase is just begun, and its outcome is by no means clear. Luck—good and bad—very often plays an important role in operations and war, and we should naturally be prepared to ride good luck. But equally, we should also work to understand how to improve our strategy-making and, thus, our overall strategic performance.

BACKGROUND

1. I, Commodore Steven Jermy RN, am a recently retired naval officer, with a particular interest in strategic-thinking and strategy-making. My service career spanned carrier aviation, ship command and high level staff appointments and I served: at the tactical level, including flying from HMS INVINCIBLE in the Falklands War; at the operational level, deploying in command to the Bosnia and Kosovo crises; at the strategic level, including as Principal Staff Officer to the Chief of Defence Staff and as Strategy Director in the British Embassy in Afghanistan.

2. Since retiring, I have published the book *Strategy for Action: Using Force wisely in the 2*1st *Century*, which seeks to improve the way in which strategy is made and, thus, the way force is used in pursuit of the national interest.

3. I judge that, whilst recent progress in Libya seems positive, there are likely difficult months ahead and, more importantly for the Select Committee, there are key strategy-making lessons to be learned, based on our experience to date.

4. The lessons are apparent in five inter-related areas: first, our ability to analyse the political context; second, our ability to identify and pursue a coherent political objective, calculated in relation to the national interest; third, our ability to create and execute strategy to deliver an identified political objective; fourth, the consequences of the lack of a higher level British foreign policy or grand strategy and institutional competency in Whitehall in strategic-thinking and strategy-making; fifth, the implications, based on these lessons and my own research, for the way in which we might improve our strategy-making capacity.

UNDERSTANDING THE POLITICAL CONTEXT

5. It is not clear, based on the evidence of the Government's actions, that the political analysis of the situation in Libya, prior to the West's intervention, was sufficiently comprehensive, nor contained the insights, to support the planning of a properly scoped operation. What such an analysis ought first to have shown was that the situation in Libya was quite different to, for example, that in the early days of the Afghanistan intervention; and that this would, in turn, have implications for the utility of air power.

6. In Afghanistan, there was a simmering civil war, prior to the intervention, between two reasonably evenly matched (in military terms) opponents—the Taliban and the Northern Alliance. And thus, when air power, properly directed by Western Special Forces, was used to support the Northern Alliance, the results were quick and decisive.

7. Whereas in Libya, the uprising was at its very earliest stage, with a significant imbalance between the opponents—Gaddafi's security forces and the rebels—in military capability. Given the lack of an obvious military entity to give the uprising early military power, it was reasonably foreseeable that the uprising would take time to gain military capability and, thus, success. And, by deduction, it was similarly foreseeable that the intervention was likely to be of an extended duration. And, on the evidence of both statements and actions, HMG in particular and the International Coalition in general, appeared surprised, and then concerned, by the length of time needed to defeat Gaddafi's forces.

8. This weakness in political analysis appears to being playing into HMG's understanding of the current context, post the death of Gaddafi and the defeat of the majority of his security forces. HMG's statements and actions give the impression that the National Transitional Council (NTC) is a coherent regime in waiting—as evidenced by Britain's, and others', international recognition of the NTC as Libya's legitimate government.

9. Whereas informal reporting and, latterly, the unwillingness of rebel forces and local defenders to give up arms suggests that the NTC has, as yet, uncertain legitimacy and fragmentary power, as demonstrated by its inability, at the time of writing, to extend its writ throughout Libya.

10. Furthermore, the second significant difference, between the Afghanistan and Libyan campaigns, is the absence of Western troops on the ground. The consequence of this, and the NTC's limited ability to impose its will, is that, notwithstanding a very significant investment of Western military resource, we have precious little—if indeed any—control over how events will now pan out.

11. Informal reporting suggests that HMG believes that its Stability Unit will provide a different and, hoped-for, better alternative to troops on the ground. But the reality is that the Unit's tiny personnel footprint, the relative lack of deployable money (when compared to that which has been released to the NTC through the relaxing of sanctions), and the absence of any British land forces presence mean that HMG now has no effective capacity to influence events on the ground.

12. In the long view, this is very probably a good thing, in that responsibility for Libya's future will rest ultimately with Libyans. But in the short term, there needs to be some Government thought to, and recognition of this lack of control. And there also probably needs to be some thought given to Government policy, based on the different short-term scenarios that could play out in Libya.

13. An *optimistic scenario* sees a general increase in stability, widespread acceptance of the NTC as it gains legitimacy, and measured progress toward some form of political system that results in representative government, acceptable to the general population.

14. But *two pessimistic scenarios* are also plausible.

15. In the first, the weakness of the NTC's power and an unwillingness for armed groups to accede to its writ, leads to a sustained period of insecurity which could include, for example, significant revenge killings of: former Gaddafi forces; Gaddafi-aligned tribes; Sub-Saharan African migrant workers.

16. The British Government would need to consider its position in the event of a request, by people attacked *by* NTC forces under such a scenario, for the use of British air power, *against* NTC forces, to "stop slaughter" given that this remains the stated objective of Britain's intervention.

17. In the second, Islamic extremists gain an upper hand. This could because they are able, in the same way as the Taliban, to deliver local security when the TNC cannot. Or it could be as a result of a democratic process.

18. In either scenario, the victory would look pyrrhic, at best, but might also lead to increasing threat to British interests, at least in the short term.

IDENTIFYING THE POLITICAL OBJECTIVE

19. HMG (together with the French Government) may have fallen into the same trap as the Blair administration did in Iraq, in that military actions suggest that it has pursued a political objective of *regime change*, which is rather different to UN authorised objective of *protecting civilians* (or, as routinely stated by the Prime Minister, "stopping slaughter"). The remarks of the Foreign Secretary have, at times, come close to admitting this point.

20. Of course, the apparent success of the NTC against Gaddafi's forces allows for some short-term *post hoc* justification of this approach. Be that as it may, long-term political and strategic costs may result.

21. First, key non-Western countries—particularly China and Russia—who are uncomfortable with the idea of interference by the international community in internal activities of sovereign states may, in the future, be less willing to sanction UNSCRs argued for genuine humanitarian reasons.

22. Second, the West in general, and Britain and France in particular, are now open to the charge of political hypocrisy, should we choose not to intervene to "stop slaughter" in the future. We have been saved from this prospect in Syria, so far, thanks to the Syrian people's desire for no external assistance. But were, for example, Bahraini or Yemeni uprisings to seek our support, or the Syrian people change their minds, we could find ourselves in a difficult political position, and if we refused such requests then it would be impossible to avoid the charge of hypocrisy.

23. The much more fundamental problem, for Britain at least, is the lack of a compelling argument to say why, and to what degree, the pursuit of either the stated or tacit political objectives for the Libyan operation are in the British national interest.

24. This is important because, without an understanding of how the political objective contributes to the national interest, it is difficult to decide what price we should be prepared to pay—in blood and treasure—in its pursuit. And without an understanding of the blood and treasure—ie the resources—we are prepared to deploy and expend, it is difficult, if not impossible, to shape the right strategy to offer the best chances of delivering success.

LACK OF A COHERENT STRATEGY

25. An early lack of military strategy was evident from an examination of Government and Coalition statements, all of which focused on the creation of a no-fly zone—note that a *no-fly zone* is a term of military doctrine, *not* a strategy.

26. The imposition of such a zone requires that just two things be achieved: first, a condition of Coalition air superiority over opposing air forces; second, the neutralisation of enemy air defences, so as to enable one's own aircraft to fly over the zone without interference. A no-fly zone does not, however, require the destruction of enemy ground forces.

27. Of course, UNSCR 1973 also authorises the use of "all necessary means"—ie armed force—to protect civilians. In the case of Libya, this provides a reasonable, albeit not wholly watertight, argument to support the use of force to protect civilians from the impact of offensive operations *by Gaddafi's forces* against, for example, rebel-held areas.

28. However, the use of NATO air power to support offensive operations *by rebel forces* against those of Gaddafi falls outside UNSCR 1973's authority, and thus do not appear to comply with international law. This, too, is further evidence of a lack of strategy in that had a coherent strategy been shaped early, then a key consideration in that shaping would have been that force be used within the framework of authority provided by UNSCR.

29. The lack of strategy in military operations reduces the likelihood of success and increases the chances of error.

30. There are a number of related risks, of which three are germane. First, political and military decisions must be made on the hoof ie "muddling through"—with a heightened chance that they will be wrong. Second, there will be no strategic framework against which to measure progress. Third, military personnel will necessarily be strategically rudderless, which increases the pressure on commanders and may also undermine morale, as personnel sense the lack of overall strategic direction.

FOREIGN POLICY AND GRAND STRATEGY

31. The final—and perhaps most important—lesson is to do with the absence of an overarching foreign policy or, in its harder-edged form, grand strategy, with which to address the Arab Spring and the broader issue of extremist Islam in the Maghreb and Middle East.

32. This lack manifests itself in the Libyan operation, most obviously in our continuing inability to distinguish between those crises that, because they occur in key strategic areas, bear critically on the British national interest, and those that do not. It seems clear, for example, that events in the Maghreb, whether or not they may be morally reprehensible, will bear less critically on Britain's national interest than those in the Gulf or Suez.

33. And yet, whilst already heavily engaged in Afghanistan, Britain elected to engage in Libya and use most of its remaining military contingency, thus loosing its ability, at a time of unusual historical volatility, to act in these critical strategic areas.

34. This is perhaps because of the lack any coherent regional policy or grand strategy against which to balance the advantages of intervening in Libya against the disadvantages of critically prejudicing our ability to act elsewhere, in more important strategic areas. This looks to be further evidence of a worry, already explored by the Public Administration Select Committee (PASC) in 2010, of the inability of Westminster and Whitehall—especially Whitehall—to think and act strategically, and suggests the PASC's recommendations have yet to be acted upon. This is the most serious of all the concerns illustrated during the Libyan operation, and merits the closest scrutiny, again, by the PASC.

IMPROVING OUR STRATEGY-MAKING CAPACITY

35. Accepting that results may well turn out positively in this campaign, we would nevertheless do well to think through the strategy-making lessons, and whether or not there were things that we could, in the future, do better. Two specific areas would be worth further investigation: first, our strategy making processes; second, the way in which the people who make strategy in Britain—politicians, military officers, diplomats, and civil servants—are selected and prepared for strategy-making.

36. *Processes*—given that the affairs of the National Security Council are, quite rightly, secret, it is impossible to know the processes that are used for strategy-making, but my research of 250 years of strategy-making suggests that a structured strategy-making process, in which strategic-thinking is intelligently framed, and strategy-making conducted in a disciplined and intellectually rigorous way, significantly improve one's chance of successful strategy-making.

37. *People*—ultimately one's success—or otherwise—in strategy-making is critically dependent upon one's strategy-makers—politicians, military officers, diplomats and civil servants—and their capacity for strategic-thinking and strategy-making. As such, our chances of success will be improved by, first, selecting the right people and, second, preparing them so as to ensure that they are fitted with the right theoretical and historical knowledge. Political selection is a matter for the Prime Minister, but for our military officers, diplomats, and civil servants, we must ensure that their promotion systems privilege strategic-thinking capacity and strategy-making capacity.

38. But preparation, through training and education, also matters. It is a matter of concern, to me at least, that with the single exception of the Chief of Defence Staff, not a single member of Britain's National Security Council—political or official—has been formally trained or educated in strategy. This seems to me to be a dangerously amateur approach, given that the Council directs matters that are self-evidently critical to the national interest and, on occasion, shape the fate of nations.

October 2011

Written evidence submitted by Nusbacher Associates (ST 06)

Summary Points

— UK Government does not currently work strategically and is unlikely to do so in the near future.

— The government's role must therefore be to create, conduct, clearly communicate and discuss policy; and enable strategic thinking to find ways to optimally fulfil policy aims.

1. The questions in the discussion document show wishful thinking. They beg the question by assuming that someone is doing strategic thinking in UK government. The reality is that apart from a few bright spots of strategy and training for strategy UK government departments are no more strategic than the least strategic person in that department.

2. The least strategic person in any given department is likely to be the Secretary of State.

3. In general, strategic thinking is not highly prized in UK. This stems from our culture: we privilege empirical evidence and empiricism in the philosophical underpinnings of decision making. This has worked for us in many ways for a long time but this clearly is inadequate in a world where the interconnections, influences and politics of other countries are so very strong. The UK thus must develop the capability to think and act strategically from the top of the Executive down through Parliament, media, academia, civil society, schools, pressure groups, industry bodies and individuals.

4. Ministers do not appear to work strategically. They respond to events thus sabotaging any strategic ideas they might have. This is not a party-political issue as the example of air transport strategy over last 60 years shows (see Michael Skapinker, *Financial Times* 19.10.2011 http://is.gd/jND8kv).

5. There is no single place for public or business to ascertain UK Government strategic positions, should they exist. The government nowhere meaningfully articulates what kind of country we are today nor what kind of country we aspire to be. When things important to the British population, like the form of the NHS or cuts to defence, are discussed these strategic ideas should be at the heart of policy tests. We the people also need to understand our nation's strategy to assess how consequential are the actions of our Government, local authorities and other public services in all we do in the country and abroad. Strategy needs to be made clear to everyone.

6. A look at the Cabinet Office website for the Strategy Unit http://www.cabinetoffice.gov.uk/content/strategy-unit is instructive. This would be the most natural place for UK citizens to seek information about national strategy, yet today they would find absolutely no indication about UK Strategy there. The National Security Strategy is not there, nor is the UK Cyber Strategy. Similarly, it is unclear whether any government department has a clear strategy as there are far too many documents purporting to describe strategy. For a strategy to have real impact it needs to be accessible. Apart from availability over the Internet statements of strategy need to be written in plain language in a style that makes them easy to read, understand and recall.

7. The UK Cyber Strategy, published by the previous Government and laudably continued by the present administration, is an unsung success: the brevity and clarity of this strategy languishes almost forgotten three years later. Page three lays out a clear strategic vision. Page four lays out actions for government. Where has the government published its successes or partial successes in completing these actions? Where is the layout of the next steps for investment in digital infrastructure?

Q6. *Who is doing the strategic thinking in the UK's role in an uncertain 21st Century*?

8. The 21st Century is full of uncertainty, but not necessarily more than the 14th or the 20th. Phrases like "our rapidly changing world" and "an uncertain 21st Century" are excuses for intellectually living hand-to-mouth. Those who think from crisis to crisis find the world around them uncertain because they have no strategy to guide them.

9. Strategy is, in classical theory, the means to achieving a policy aim. It is a path to get from where we are to where, according to policy, we want or need to be. This structured approach enables systematic strategic thinking and planning.

10. In UK Government strategy occupies an uncertain place with respect to policy. The policy profession within the civil service deems policy to be subordinate to strategy, a reversal of the classical concept of strategy. In the hurly-burly of public administration where strategy is often absent policy serves a notional strategy.

11. The habit of strategic thinking is the habit of asking, "in order to do what?" That is, cultivating the active expectation that any action is meant to achieve a higher-order aim with clearly articulated policy the highest-order set of aims.

12. Sound strategic thinking involves examining plans to ask not only what the aim is, but moreover whether a given action will indeed achieve the aim and whether a given action is the most economical of effort in doing so.

13. In the absence of habits of strategic thinking, the phenomenon labelled strategy is no more than expediency. Strategy is purely instrumental to the perceived needs of the day.

14. "Day" is no exaggeration: ministers respond to the demands of a 24-hour news cycle. Looking as far forward as the next election is rare. Looking more than five years forward is unheard-of. The effect of this can be seen in the UK's lack of national infrastructure strategy, national industrial strategy or national energy strategy. Years ago a previous government suggested that government operate in a "joined-up" fashion. This is a good idea, but joined-up operating is just part of joined-up thinking.

How do developments in cyber, technology and social media affect all these discussions?

15. Lack of strategic thinking and working exposes the UK to costs. For instance, the lack of a strong national narrative on cyber threat means that the country blithely accepts swingeing losses to cyber crime. The latest FCO sources give the following figures related to cyber:

 (a) UK web-based industry = £100 billion (8% of UK GDP);

 (b) global e-commerce = $8 trillion; and

 (c) cyber-crime costs $1 trillion per year = 12.5% of global e-commerce. (see Rt Hon William Hague MP article in Der Spiegel, 18 October 2011 http://is.gd/epPVE6).

To get the scale of cyber crime alone it is enough to note that it is three times as large as the Eurozone's temporary €440 billion rescue fund (see *Financial Times*, 20 October 2011 http://is.gd/F0IOqB).

16. One of the challenges and opportunities of strategic thinking is ensuring that policy suits the wants and needs of the country rather than wants and needs constructed for the country. Social media, in breaking away from mediation, empowering the individual and creating virtual communities, provides an opportunity for two-way communication between government and the publics that make up the United Kingdom.

Q7. *What is the role of the UK Government in leading, enabling and delivering strategic thinking*?

17. For UK government to lead in strategic thinking it must provide an example. We have noted above in paragraph 4 that ministers do not work strategically, their departments do not work strategically; moreover there seems to be little sign that this will change. Should government take upon itself the mantle of leadership and excellence in strategic thinking, it will very likely become one more apparent dishonesty on the part of politicians or one more apparent mendacity on the part of civil servants. Because UK government is unlikely to take a leadership position, someone other than government must lead and deliver strategic thinking.

18. What remains, then, is the government's role: to enable strategic thinking and to support it with the public and in Parliament.

Are there roles that need to be done by UK Government alone?

19. Government must impose democratic and expert scoping and direction by creating policy: the aims which will be achieved by strategy.

20. It is government's part to voice aspirations for the country and its people, setting out visions of where the UK will need to be in years to come. Political party manifestos, think tanks and pressure groups will contribute visions and aspirations which are absorbed into government policy by democratic means. Government must communicate rationale and meaning for aspirations, and continuously discuss and test these issues with the public.

21. Only government can reconcile wants and needs in making decisions on allocation of resources.

22. Only government can demand that strategy must be woven into whatever the public sector does by seeking to embed strategic thinking in the ordinary working of government.

23. Government, as a collector of information, must be open to ensure that citizens' responsibilities are supported with relevant data.

Should the Government enable … businesses and civil society … to play a greater role in making, shaping and delivering policies?

24. This question asks, in essence, should there be politics outside the closed corridors of political parties and central government ministries, and the answer is "yes".

October 2011

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Written evidence submitted by Institute for Security & Resilience Studies, UCL (ST 07)

1. Introduction

1.1 The Institute for Security & Resilience Studies at UCL offers innovative approaches to the challenges of security and resilience in a highly networked world. We bring together the public, private and third sectors to seek out ways to catalyse innovation—so that we can all better cope with, and flourish in, increasingly uncertain times.

1.2 The concepts of resilience and its inverse—irresilience—are grounded in advances in mathematics. These enable decision- takers at all levels to explore the risks and uncertainties of dynamic networks. Doing so does not just raise awareness of complex dangers; it also offers options for coherent decisive actions, which produces rather than just protects value.

1.3 Our approach to resilience moves beyond the classical origins of the word and or narrow engineering of the terms as bounce back to the *status quo ante*. It advances a more contemporary biological and evolutionary definition, namely: resilience is the enduring power of a body or bodies for transformation, renewal and recovery through the flux of interactions and flow of events.

1.4 Our response to the Public Administration Select Committee's inquiry into the capacity for strategic thinking in Whitehall is based on three facets of our current research:

— In general, we examine the role of the Net Assessment Strategies in a multi-polar world as an alternative to "grand" or "national" strategy;

— In particular, we have recently looked at the challenges thrown-up by the man-made environment of cyberspace being added to maritime, land, air and space; and

— In practical terms, we highlight the potential for a UK Office of Net Assessment adapted from its 40 year old US defence counterpart for security and resilience.

1.5 We are therefore responding to three of the questions in particular which PASC has set for this inquiry:

1(c) Is the term "national strategy" (or "grand strategy") the most helpful way to describe the requirement?

6(b) How do developments in cyber, technology and social media affect all these discussions?

9. What can we learn from what other countries, both in terms of what they do in strategic policy making and how they perceive the UK?

1.6 At this time, we have nothing further to add to the understanding of the other questions posed.

2. Net Assessment of Strategies (NAS)

2.1 Both "national strategy" and "grand strategy" are inadequate labels for strategy-making that befits the challenges ahead of us all. In a multi-polar world a diversity of strategies will interact. Continuity and change will be an incessant challenge. Adhering to a rigid strategy will be as much of a hostage to fortune as having no strategy. Whether producing strategies as products of learning or contending with the interaction of strategies, plurality will prevail and crises abound. Any simple rational calculus of "interests" or "balance of power" will seldom work. On these terms, confidence in the competent authority of decision-takers will be constantly tested. They will be found wanting if the evolving plurality of strategies (and uncertainties they create as much as address) is ignored.

2.2 A more appropriate concept, Net Assessment of Strategies (NAS), is derived from the US Office of Net Assessment (ONA). ONA was established in 1973 by Andrew W Marshall, a foreign policy strategist and alumni of the Rand Corporation's golden era. He remains ONA's director, having been re-appointed by successive Presidents, to this day. The production of "comprehensive net assessments" is a statutory

requirement in the US.[24] However, NAS for a multi-polar world cannot be confined to the defence community of one Nation-State. All relevant capabilities need to be considered (public, private and third sector) from a plurality of transnational perspectives.

2.3 NAS seeks to promote policies based on the thorough appraisal of all relevant contexts in which various patterns of events can unfold. In short, NAS continues to be a comparative multi-disciplinary assessment of economic, social, political, and other factors governing the relative capabilities of organisations, in order to identify competitive advantages and dangers that deserve the attention of decision-takers.

2.4 Arguably, its greatest strength for decision takers, policymakers and strategists lies in the challenging of assumptions through robust reasoning. If deployed correctly, it is an assured means of avoiding dangerous consensus based on misunderstanding of affects, cognitive biases, and weak science.

2.5 NAS consists of four main elements:

2.5.1 Genuine long-termism: with Government reaction and pro-action too often influenced by the current news cycle, the immediate (daily, weekly, monthly) effects of policy are heavily scrutinised at the expense of their cumulative effect over time. In these circumstances, the power of actors and their actions can be misperceived, with either too great a strength or too great a weakness assigned to them. "Power" in that context is, in fact, a perception of power. NAS seeks spotlight misperceptions and self-deception so as to avoid what one commentator describes as the "tyranny of small decisions".[25]

2.5.2 A focus on the overlooked: NAS is less concerned with proving current estimates right or wrong as it is with identifying issues not yet covered by estimates at all. This is the natural corollary of genuine long—termism: recognition of a desire for convenience and the challenging of that desire. There is a close analogy in economics in the consideration of opportunity costs when assessing costs and benefits, ie asking what is the result of all possible actions rather than predicting only the potential result of something that is already happening.

2.5.3 Strategic interactions: Net Assessment arose out of Cold War imperatives to fully comprehend Soviet capabilities relative to Western capabilities. An initial understanding of the term net, comes from the subtraction of "Red" from "Blue" capabilities to produce an overall assessment of a competitive situation. However, the correlation of forces is neither arithmetic nor static. The assessment of relations between "Red" and "Blue" owed most to their respective capacity from innovation, seeking competitive advantage through change not just doing more of the same. The evolutionary drive for innovation is not unfettered. Net Assessment has always been realistic about powerful drag factors; in particular, bureaucratic vested interests and rent seeking behaviour. These are endemic in various guises within organisations, especially those parts of them which are invested with prestige and influence. This skews investment decisions, funding allocations and other decisions that weigh heavily on the prospects for strategies delivering desired outcomes. Net as interacting networks rather than the summation of relative capabilities, merely underscores what Net Assessment has always been about.

2.5.4 Emphasising strategic asymmetries: understanding an organisation's resilience and irresilience relies not just on identifying its competitors but the very nature of that competition, ie a full understanding of the environment and processes that makes competitors fail or succeed and not just recognition of the success or failure itself.

3. The Crucial Challenges of Cyberspace and the Need for Cyber Doctrines

3.1 Cyberspace is transnational. Yet thinking in most sovereign bodies remains national or international. Cyberspace is more diffuse and invasive, entailing simultaneous actions in many dimensions and levels. The cyber environment permeates the fabric of societies. It does not add a stand-alone environment to maritime, land, air and space; but weaves them into more obvious interdependence. Since cyberspace constantly evolves, so must the behaviours of bodies seeking fitness for such dynamic environments. Although the first man-made environment, cyberspace is bringing us back to the state of nature with a thump.

3.2 While traditional law- and treaty-making is proving inadequate in this context, doctrines offer coherent ways forward. Cyber doctrines must be founded on the recognition that resilience is competitiveness. It should be synonymous with entrepreneurship. At its centre is the vital principle of the easy integration of competent authorities and capabilities with the capacity to thrive on innovation. The coherence of competence, capabilities and capacity is vital. This will be the test of any would-be strategy and will happen in real time not bureaucratic time. Our advocacy of doctrines is pragmatic. It enables jurists to work with principles rather than over-codified, out-dated and fragmented laws. It offers a way to develop education coupled with research that supports innovative drive and entrepreneurship.[26] And cyber doctrine can thereby honour the realism of

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[24] The constituting legal authority for the Department of Defense specifies that the Comprehensive Net Assessment is produced annually, see, "US Secretary of Defense," US Code, (Title 31, Subtitle II, Chapter 11, Section 113, (i), 1; Washington, DC: US House of Representatives, 2008), available at <http://www.law.cornell.edu/uscode/10/usc_sec_10_00000113—000-.html > accessed 21 October 2011.

[25] Bracken, P *"Net Assessment: A Practical Guide"*, Parameters, US Army War College Quarterly, Summer 2006, Vol XXXVI, No. 2.

[26] MacIntosh, Tyler, Reid (2011) Cyber Doctrine: towards a coherent evolutionary framework for learning (ISRS).

strategy as always being about the outcomes of doing[27] and learning, which is not to be confused with the inputs or ideals of drafting and plans. Unless, that is, the Post-Bureaucratic Age is a prize we leave to our competitors.

3.3 Such doctrines can bridge the gaps between law, policy, security and technology across our highly networked lives. They are an organic approach to continuous learning which is vital to building capacity for strategy in action rather than as artefacts of thinking.

3.4 Recommendations for policy-makers to support the development of cyber doctrines include:

3.4.1   Establishment of a Task Force under a dedicated Minister, reporting directly to the National Security Council (NSC), and with responsibility for.

3.4.2   The establishment and development of cyber doctrines for the UK, which will offer a framework for learning resilience to develop greater depth and breadth to capabilities and capacity for the challenges ahead, not least advancing national competitive advantage.

3.4.3   Developing transnational liaison, involving the public, private and third sectors (especially academia).

3.4.4   Encouraging entrepreneurship by selecting, training, educating, and examining competent individuals for recruitment and advancement to posts in public, private and academic sectors vital to the continuous demonstration of competent authority in cyberspace.

3.4.5   Incentivising innovation through organising incubators (Cyber Enterprise Zones) as venues for entrepreneurs for all sectors to invest in and catalyse innovations that can be spun out as Joint Ventures with equity shared appropriately.

3.4.6   Developing means of measurement and assessment that instrument the capacity for innovation and the production of resilience as a value, not least in terms that insurance can use appropriately to incentivise healthy behaviours.

3.4.7   Developing open source tools and apps that evidence the value of information sharing by enabling the mapping of evolutionary capabilities (as ecologies of competencies and technology) across and through time.

3.5 Making such recommendations is not the measure of the capacity for strategy. Delivering on the pragmatic ambition of such recommendations is—and continuously learning from doing so.

4. An Office of Net Assessment for the UK

4.1 The United States Department of Defense's Office of Net Assessment (ONA) was created in 1973. The Director of Net Assessment is the principal staff assistant and advisor to the Secretary and Deputy Secretary of Defense on net assessment matters. According to Defense Directive 5111.11, the Director shall develop and coordinate net assessments of the standing, trends, and future prospects of military capabilities and military potential in comparison with those of other countries or groups of countries so as to identify emerging or future threats or opportunities.

4.2 ONA successes have included:

4.2.1   Anticipating how damaging the Soviet Union's economic inherent contradictions would be to it from the early 1970s onwards.

4.2.2   Anticipating the rise of the East, and being honest about the US's relative decline in realistic terms that are still politically hard to come to terms with today.

4.2.3   Clarity about how the Soviet Revolution in Military Affairs (RMA) would evolve into precision strike without necessarily dispelling the "fog and friction" of war.[28]

4.3 It is arguable that the US ONA was established in the Pentagon because that is where the money for research is. Net Assessment demands great scholarly discipline. Its independence is as vital as its capacity to integrate many fields of knowledge in support of decision-takers concerned with the conduct of durable strategies. The US ONA found an excellent home in the Pentagon. Advice passing directly to the Secretary for Defence (SecDef) can reach the President as necessary.

4.4 The US does not have the same constitutional arrangements as the UK. Moreover, the role of defence has changed from the early 1970s, even in the US. Defence funding of research no longer dwarfs all other sources. Security and resilience will continue to rely on defence capabilities but far from exclusively so. Capabilities relevant to the contemporary and future Net Assessment of Strategies may well come from other public services, the private (not least the financial sector) and third sectors. All of which will have transnational dimensions.

4.5 Within the terms of this inquiry, and its predecessor, the idea of a UK ONA offers an interesting thought experiment. Whatever the heritage and traditions of strategic thinking MoD is unlikely to provide a viable

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[27]   See, for example, Jarzabkowski, P. (2005). Strategy As Practice: An Activity-Based Approach. London: Sage Publications.
[28]   See Watts, B (2011) The Maturing Revolution in Military Affairs, Centre for Strategic and Budgetary Assessment (Washington DC); and (1996) Clausewitzian Friction and Future War, McNair Paper 52, National Defense University (Washington DC).

home for such a body. Consideration of other options gives a practical edge to how the capacity for strategy-making is best nurtured in British society today. This is not such a radical departure. In the aftermath of the Vietnam War and its impact on the conduct of the Cold War, a comprehensive approach to Net Assessment was already a concern. The White House Office of Management and Budget (OMB) might have provided a better home for the ONA in the US. In today's circumstances homes for a UK ONA might include:

— The creation of an entity with the independence of the Office of National Statistics;

— A Parliamentary body akin to the National Audit Office;

— An independent body reporting to the National Security Council; or

— A distinctive branch of the Office for Budget Responsibility.

4.6 Wherever housed, a UK ONA would need to be constituted in ways that enable near effortless interaction with academia, civil society and knowledgeable people from almost any background. More careful consideration would have to be given to private sector involvement but their engagement is vital too, not least given their practical knowledge, investment in research and ability to drive innovation.

4.7 Again, deficiencies in cyber-security capabilities underscore how the capacity for strategy-making has to be radically enhanced. It is not enough to add another specialist cadre to the long list of others for whom the absence of NAS has meant careers blighted by poor leadership and misspent taxes. A UK ONA could support political, commercial and intellectual leadership, unashamedly configured to seek out and attain competitive advantage through the Net Assessment of Strategies.

October 2011

Written evidence submitted by Chirton Group (ST 08)

This evidence is deliberately discursive in tone. It is designed to stimulate discussion rather than present a coherent and detailed prescription as to the way ahead in terms of developing strategic thinking across Whitehall. The author is happy to expand on any specific points, either in further written evidence or before the Committee. A summary of the main points of this evidence is below:

— First—we lack clarity about the purpose of strategy. What are the myriad strategies produced by government actually for? This needs to be clarified because until we are clear about the utility of strategy we simply will not get any better at it.

— Second, we need greater clarity about the processes by which strategy is derived, communicated, executed and evaluated. Until this is addressed there will be incoherence across Whitehall in terms of approach and no proper framework for a discussion about the relative roles of government and citizens.

— Third, we need to recognise that financial decision-making shapes everything else in Whitehall. Unless and until the money is explicitly linked to the strategies they will remain so much expensive wallpaper.

— Fourth, secrecy is the enemy of inclusive—and therefore effective—strategy making. Keeping doors closed and secrets hidden is precisely the opposite of what is required if strategy making is to improve.

— Fifth, if you are serious about engaging the public then the challenge is to make the public the strategy makers. The implications and challenges of such an approach would need considerable unpicking—but this change in approach must be considered.

There are also specific comments on some of the questions asked in the Issues and Questions paper. Not all questions have been commented on.

What is strategy actually for? And how can we examine it?

1. The UK has traditionally had an approach characterised by plenty of policy but little strategy, based on an implicit and deeply embedded belief in the efficacy of a "pragmatic and reactive"[29] approach to the business of government. In many people's minds strategy is a purely abstract concept; it is little more than window dressing and has little direct or discernible effect on the decisions HMG makes or the way in which money is actually spent.

2. There are four areas one may look at to assess the degree of strategic capability across government. These areas are common across government and have wide application, but we can use national security as an example to illustrate the structure.

3. First, consider language. Here the situation is actually pretty good. The publication of a National Security Strategy in 2008 was huge step forward and the language of the national security community across Whitehall is now genuinely the language of strategy and not just activity. It is about what to achieve, not simply what to do—and this should be applauded.

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[29] Sir John Coles, in his book, *Making Foreign Policy: A Certain Idea of Britain*. London, John Murray, 2000.

4. But moving beyond the language is difficult. Consider the second area—structure. Here again there is real progress—the establishment of a National Security Council (NSC) to oversee the execution of the strategy is a huge step forward. The challenge going forward is to get the NSC beyond coordination and coherence and into the realm of making proper strategic choices.

5. The third area where the UK government might consider moving forward is in term is process—and financial process in particular. UK spending on national security is something that has never been clearly identified and it is no easier now than it was when William Nicholson was writing on the SDR to judge whether the UK gets anything like "value for money" for its national security spend. Again, this has parallels elsewhere.

6. There is of course a fourth area—culture and behavior. This is the most important area for development and there is much good work to build on. But until the UK has a generation of policy makers and advisors that think in terms of security and not simply the activities of departments, the UK will not achieve a genuinely strategic approach to anything. This will not require wholesale changes in personnel, but it will require a good deal of change in current approaches and mindsets that have been developed and reinforced over many years.

7. Overall, though, there is much to celebrate in the UK's developing approach to national security strategy in particular—and therefore by extension strategy in general. That the UK has such a strategy at all is in itself a genuinely significant step forward. But the extent to which that strategy is anything more than a context setter is questionable—and this is the issue that one finds repeated across Whitehall.

8. The challenge—and opportunity—before the UK government is to give its myriad strategies a meaningful practical application, to use them as a rigorous guide to priorities and as structures that help people make tough decisions about how to spend money. Making this transition requires the UK government not simply to speak the language of strategy, but also to make real adjustments to structures, processes and behaviours. To articulate a strategy is not enough—the challenge is in doing business in a way that demonstrably allows the UK to line up its increasingly scarce resources behind it.

9. The first PASC report quite rightly found "little sustained strategic thinking" and a "culture of fire-fighting rather than long term planning". The report was largely focused on security as a proxy for overall national strategy so the widening of scope of the second report is very welcome.

10. The UK has strategies and lots of them. But who is clear about what these documents are actually for? Where is the evidence this these strategies are being delivered in practice rather than simply articulated? To what extent is the activity—and spending—of all those departments involved really shaped by these strategies? The UK has strategies, but does it really have a strategic approach? Do these strategies just provide a different context for business as usual? Is it possible to conclude that while the wallpaper may have changed, the furniture may still be in the same place?

Some General Comments on the UK Approach to Strategy

First—we lack clarity about the purpose of strategy

11. The situation at present seems to be that strategy is regarded as context at best and wallpaper at worst. It is the backdrop for spending decisions rather than what actually drives them. There needs to be more clarity about the purpose of strategy—it is almost never defined in terms of its utility. This is dangerous because it creates an environment where strategy is an end in itself. This must be resisted—strategy must have a purpose. Articulating the purpose of strategies would be a great place to start in terms of making Whitehall better at strategic decision-making.

Second, we need greater clarity about the processes by which strategy is derived, communicated, executed and evaluated

12. If we are not clear at least in outline how this process works then how can we have a sensible discussion about the relative responsibilities in this process of politicians, officials and the public? Some common—albeit generic—approach across Whitehall would both encourage better working across government and allow a more detailed discussion about who should do what—both inside and outside government.

Third, we need to recognise that financial decision-making shapes everything else in Whitehall

13. If you want to change behaviour, then start with the money. If you want to change the way that people behave—and this is ultimately such an issue—you need to get to the heart of how they make decisions. Financial structures play a huge part in this and the best way to make people more strategic is to require that they explicitly align finds and other resources to the strategies that are supposed to guide these decisions. Formally linking strategies to money is a key intervention and would be extremely significant.

Fourth, secrecy is the enemy of inclusive—and therefore effective—strategy making

14. Strategy is less and less the business of ivory towers or locked doors. There is a fundamental shift going on toward engagement with citizens in the strategies that shape their lives—both here and abroad. If this approach is not to collapse in a puff of slogans then people need to be involved—and not just by reading about the results of other people's decisions, but in the whole process of strategy development. This is an enormous

challenge to current structures and indeed mindsets—and taken to its logical conclusion involves the last of the general points made here;

Fifth, if you are serious about engaging the public then the challenge is to make the public the strategy makers

15. Is this what emergent strategy and the "Big Society" is all about? If so, then the structures of strategy and policy making need to be fundamentally redesigned in order to focus on public engagement and mechanisms that unlock public ideas and energy. Can we envisage a future in which the public design, develop and execute strategies for themselves with the role of government as enabler rather than director? If the answer is yes, some major rethinking is needed.

16. The governing machine of the UK, used to dealing simply with policy—"the course of action on which politicians decide"—needs to be challenged to deal with questions of purpose, of " what it's all for". Unless the state and its supporting bureaucracy re-evaluates its role, we may be unlikely to see any really significant changes in strategic capability.

QUESTIONS AND RESPONSES

Do we in the UK have a broad enough concept of national strategy in government?

17. The answer to this question is no, because we seem to lack the structures, both organisational and cognitive, to be truly strategic. What is lacking is people who are truly able to step back far enough to see the whole of an issue or a system, and who then have access to the necessary levers to affect change at the right level. People understand that issues are connected but seem to have no access to the mechanisms of that connection—there is a lack of ability to do anything about even those issues that are recognized. Current training and structures simply do not allow people to gain a broad enough view to see the true interconnectedness of strategic issues.

18. Regarding terminology, "national strategy" is too lofty and abstract a term—it implies a degree of coherence that can only really be achieved on the page. Just plain old "strategy" might be better—particularly if your aspiration is to involve the public more in the process.

To what extent is Government strategy based on evidence?

19. It is not obvious from outside government to what degree strategy is evidence based. It is also not obvious that this would be a good idea—policy ought to be based on evidence if possible, but strategy often cannot be guided by evidence because it is about seeking a change in the state of the world—about which there may be no prior data.

20. There are many habits and incentives that inhibit strategic thinking. The main one of these at present is the way in which money is spent. If spending is ultimately a departmental business then we will never have a government machine that is truly strategic—because anything that is cross departmental will always end up being regarded as "non-core" business. This is precisely the opposite of the way it ought to work. The cross-departmental "stuff" is the strategic stuff—when departments look at how they spend their money they ought to look outside in rather than inside out. Those things which only single departments do are almost by definition not strategic—the programmes being worked on across government are.

21. Somehow forcing departments to take this inside out view might go some way to making government more strategic. So would developing a cadre of strategists. This would be the single most useful intervention—a long term approach to selecting and developing a community of strategists across government but including contributions from private or third sector individuals.

22. Secrecy is the enemy of effective strategy, because a huge part of effectiveness of any strategy is communication and engagement. The government seems almost institutionally incapable of understanding this. For all talk of consultation and "big conversations", the perception of the bureaucracy is that strategy making is at heart a business best left to the professionals—and done behind closed doors with the results published in glossy format. This approach is entirely wrong but the alternative is a huge challenge to a bureaucracy that seems to regard the public as simply the subject of strategies created by clever people in Whitehall. This approach is perhaps what needs to change most—and the first thing that needs to happen is to engage the public in the development of the strategies that will affect their lives. Secrecy is the exact opposite of what is needed to help this process.

Are there examples of policy-making programmes or processes that illustrate effective strategic thinking and behaviour within Whitehall?

23. A lot of progress is being made in this area already. Most departments have a number of units whose focus is explicitly strategic and an obvious step forward might be to create some sort of forum in which they can all interact and develop day to day coherence of approach across the national security community. This may require a leap of faith on all their behalfs because one can detect a suspicion that the purpose of a number of these units is less to take forward strategy across government and more to articulate a robust case for the

relevant department's existence in a competitive strategy "marketplace". The main challenge will be to foster an environment of collaboration and cooperation between these departments' Strategy Units as opposed to one of competition.

24. There is one current stand-alone example of effective strategy making—the Climate Change Act of 2008. It set out not only a context for energy policy in this country, but also enshrined in law a series of basic targets that are the driver for pretty much all energy and climate change policy. It also set up an effective oversight body—the Committee on Climate Change. This has enough autonomy to hold the government to account and examine its plans for the achievement of the strategy. This is not a structure that will be universally applicable— but as an example of the articulation of a strategic view and the development of a strategy that has real teeth in terms of driving activity, it surely has lessons that might apply to other areas of government.

Who is doing the strategic thinking on the UK's role in an uncertain 21st century?

25. The challenge here is to find ways to make the public the policy makers. This is a hugely challenging and complex area, but there are a number of initiatives that might help to get a debate started on how best to involve citizens in strategy and to unlock their potential to contribute to both the development and execution of that strategy.

26. First, it would be relatively easy to set up a sort of citizens' cabinet, a shadow body that was presented with a number of (non-security) issues using similar information to the Cabinet or some other body. Present the information and then invite them to make decisions on the relevant strategic response. The results could then be presented to the actual decision makers as an invitation for reflection on the quality of their own decision-making. This process might be difficult to facilitate but it might also throw up some absolute gems in terms of strategies rooted in the real world.

27. The other more obvious opportunity is to experiment with crowd sourcing. Iceland recently crowd sourced it's new Constitution. It would be very interesting to conduct such an exercise with, for example, the next iteration of the National Security Strategy.

What is the role of the UK government in leading, enabling and delivering strategic thinking?

28. Arguing, as the government does in it's response to the Committee's first report on UK Grand Strategy, that the best way forward is within current structures, is simply not good enough. It is entirely obvious that change is needed, but the problem at present is that investment in strategic thinking and the ability to execute change is regarded as a rather esoteric luxury that won't help to address current crises and might appear self indulgent to those outside Whitehall. If it just involved the traditional policy making community then this would be a fair criticism—but the traditional policy making community are entirely the wrong people around whom to build this new capability. We are not talking here about retraining existing senior civil servants, but about bringing into the strategy development process an entirely new cadre of people and organisations. Truly strategic initiatives will not look anything like existing structures or plans—they will not be implementable using existing departmental structures.

29. The challenge for the governmental machine is to grow a cadre of people who can think genuinely strategically and give them a space in which to interact both inside and outside government. The requirement is for people who are focused on answering the most simple questions and ensuring that departmental activity is coherent with—and aligned to—strategic priorities. They need to be able to step back far enough to see the whole of a problem or issue—and to understand that, in this regard, the best view of the problem may not be from inside an office in Whitehall.

October 2011

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Written evidence submitted by A4e (ST 09)

INTRODUCTION

1.1 This formal response is submitted on behalf of A4e in relation to the Public Administration Select Committee inquiry into Government policy and the capacity for strategic thinking in Whitehall. A4e would be happy to provide further clarification on any aspects of our response, and would be willing to give oral evidence to the committee if required.

1.2 A4e is a leading public service provider, serving thousands of people across three continents. We work in partnership with governments, public sector organisations, private sector companies and voluntary and community groups to deliver a range of front line public services, including employment and welfare, training, education and money and legal advice. This submission draws on these areas of expertise in answering the questions posed by the Committee in their call for evidence.

1.3 Through our twenty years of helping to deliver Government policy on the ground, we have learnt that coherent strategic thinking is a prerequisite to good policy outcomes. As such we would join in with the consensus of the Select Committee's previous report on this issue that a long-term strategic vision needs to guide more areas of Government policy than just issues of security. In fact we would even hazard to say that

(as recent events across the MENA region have shown) foreign policy needs to retain the flexibility to be reactive, while in welfare on the other hand we are tackling long-term and foreseeable problems of social deprivation for which a proactive long-term strategy is not only necessary, but actually possible.

Executive Summary

2.1 A4e's perspective differs from the findings of the Public Administration Committee's previous report ["Who does UK national strategy?"][30] in a number of key respects. We address this neither from the military-inspired perspective of "Grand Strategy" nor from an externally-driven agenda of strategising Britain's place in a changing world. Our experience is at the frontline of welfare policy and provision, and perhaps it owes to this that our perceptions of how strategic thinking needs to improve tend around principles of better strategic planning from the bottom up; the bottom as in the coalface of social policy, as well as the fact that focusing on improved strategy for dealing with those in the greatest need should be the greatest priority.

2.2 Certain culture changes are necessary in order to make better decisions flow naturally from within better rationalised structures. The first report's recommendation for the pooling of strategic expertise is a positive suggestion, but the resistance which that recommendation encountered points to the need for deeper—and cheaper—structural changes such that the pooling of expertise would not need to take the form of (what the Government response described as) an expensive bureaucratic adjunct to existing departmental structures.

2.3 The answers lie in better cooperation across government departments. Strategic cooperation is naturally very easy to wish for, but with the pooling of resources across departments—specifically, the pooling of budgets and the pooling of evidence—better strategic cooperation would be enabled to flow more naturally, allowing policymakers to better coordinate their common aims.

2.4 In this submission we return to the need for improved mechanisms for lateral cooperation rather than to the need for a distinct department of strategic thinking to join up different departmental aims. "Grand Strategy" principles are therefore at odds with our recommendations of how strategic cooperation could improve—a more useful development would be a shift towards ethnographic or qualitative data as the material for civil servants to build upon, which would help enable strategy to flow from the bottom up.

Do we in the UK have a broad enough concept of national strategy in government? Where is there a failure to be coherent?

3.1 Social policy is one important area where there is failure to be coherent, and in which a lack of coherence ends up being very costly. The most typical and egregious strategy failures occur in the formation of policy to address the needs of individuals facing multiple disadvantages. The most disadvantaged individuals have a range of needs, each of which is addressed in a piecemeal and often poorly sequenced fashion under a system in which different department personnel and budgets find themselves responsible for different aspects of that person's welfare. One department may see the person as out of employment, one as a drug user, and one as mental health patient and so address these issues in an ad-hoc manner under that rubric, without ever addressing the needs of the individual. In a time of fiscal restraint, the money this wastes is another incentive to strategise more effectively. Attempts to make public services do more for less usually focus on process efficiencies to target "commodity" problems, like processing claim forms, bulk purchase of stationery, or efficient use of operating theatres as advocated by Sir Phillip Green. But there is a limit to how much can be saved in this way, and if the efforts of different agencies responsible for "human" problems were better coordinated there would be savings to the Treasury, as well as the more coherent and improved coordination of strategic aims.

To what extent is Government strategy based on evidence?

4.1 As it stands policies do produce evidence, but that evidence is often not given due weight. This is because of weak institutional mechanisms to ensure that future strategy takes previous evidence into account. There needs to be a concerted drive for better evidenced evidence—or more evident evidence—in order that Whitehall decision-makers can more seamlessly incorporate the lessons of past policies.

4.2 Evidence ought also to be more integrated across those departments whose provinces overlap. To overcome the silo departmental structures inherent in civil service operations, instead of isolated reports, papers and findings perhaps there could be a shared evidence bank, online and easily accessible across Whitehall.

4.3 A positive example of just such a joined up approach (or at least a very clear statement of intent) is the work stream in the Department of Work and Pensions which is bringing together very disparate kinds of evidence to assess the effectiveness of different employment programmes.[31] It considers a very broad range of social impacts when evaluating their benefits; it even accounts for costs saved to the Department of Health and reductions in acquisitive crime according to a common metric. If used more widely, it could surely bring greater harmony into strategy which runs across these currently "separate" areas, and enable a more holistic perspective to drive policy.

[30] http://www.publications.parliament.uk/pa/cm201011/cmselect/cmpubadm/435/435.pdf
[31] http://research.dwp.gov.uk/asd/asd5/WP86.pdf

What are the means of gathering evidence and the methods of analysis?

4.4 Having emphasised the need for better sharing of quantitative data, we also think ethnographic findings can and ought to be incorporated into the development of policy. In the last 15 years there has been a mania for evidence-based policy, but the kinds of indexes used have been mainly quantitative, and a responsive social policy needs the benefit of qualitative data as well. There have been some very worthwhile examples of involving user opinion in policy (for instance ESRO & Kent County Council's investigation into families at risk, or the NHS patient boards), however these examples are too sparse as it stands.

4.5 Ethnography refers to the methods anthropologists use to generate rich insights into others' experiences, in which data is collected through participation in observations, interviews, and other discussions with representatives of the social group under contention. In social policy it can be used to get a more sophisticated idea of the actual nature of the problems facing the unemployed, as well as just the solutions to the problems that policy makers have (sometimes crudely) preconceived.

4.6 In the field of social welfare policy, initiatives developed through co-design are one simple way of incorporating more ethnographic kinds of evidence into the mechanisms for strategy. Co-design is basically policy developed in conjunction with the group to whom the service would be targeted. Co-design can automatically make policy better suited to the users' needs by involving them in the first stages of policy development.

4.7 Even if data does become more sophisticated, it bears repeating that one of the key problems with the existing treatment of evidence is that evidence is not properly shared. The final impediment to effective strategy is that evidence does not always drive action

What are the habits and culture, the institutional barriers and systemic incentives that inhibit strategic thinking or thinking systematically about the future? What are some of the longer-term institutional and organisational innovations that could be introduced?

5.1 The lack of a holistic approach to tackling issues shared between different departmental budgets and initiatives encourages a number of bad habits that impede the formation of effective strategy. One of these is cost shunting between departments, on account of the separation of budgets for strategic issues that in fact have implications across departments. Clearly if you cut the youth services budget the cost reappears in policing, however the "silos" are themselves siloed because of different responsibilities which are separated into local and national jurisdictions: if a local authority cuts care for the elderly, the cost falls eventually on the NHS.

5.2 More joined up budgets require more joined-up decision-making, and therefore act as a better platform for effective strategy. The pooling of budgets and effort to tackle shared areas of concern can reduce the current systemic incentive to leave a problem to be picked up by other departments.

Are there examples of policy-making programmes or processes that illustrate effective strategic thinking and behaviour within Whitehall?

6.1 The Social Exclusion Unit or the Social Exclusion Task Force was a good example of effective strategic thinking, built as it was on the realisation that previous efforts and funds had been wasted because of a lack of coordination, both centrally and locally. It managed to wield the concerted force of a cross departmental approach at the problems of those most in need. Sure Start, particularly in its first phase, is another example of effective strategic cooperation around a shared problem—and as an early-intervention programme, also had the benefits of tackling a problem at root, ensuring better outcomes at every stage of an individual's life for the long-term.

How effectively does the Government assess the UK's national interests and comparative advantages or assets, including industries as strategic assets; and how does the Government reach decisions to protect and promote them? Given the centrality of public spending restraint, how well does the Comprehensive Spending Review reflect and enhance coherent emergent strategy?

7.1 Government currently faces not only a debt problem, but a triple crunch: the budget deficit; the collapse of the public sector economy and explosion in demand for its services as a result of the recession; and a third, often overlooked category of worrying long term challenges (ageing, migration, climate change and a collapse in the engines of UK prosperity of the last thirty years). So the current situation is not just a two year problem for the Treasury but a longer-term year problem for the country.

7.2 Clearly we can't be productive economy without making cuts and savings. However, the way the comprehensive spending review is being implemented has the potential to damage emergent strategy. If spending is cut off in salami slices, the system which served us so badly in the first place risks merely shrinking, rather than reforming itself along sounder principles in preparation for the better times which reform itself would catalyse. Policy makers ought to seize the opportunity to make a good system, rather than making a bad system smaller.

7.3 Against this backdrop, the way that social welfare reform is strategised is crucially relevant to the UK's international position because the nation's biggest costs emerge out of poverty and acute need. If these can be better provisioned, the UK would have more money to spend on outward-facing industries which allow it to compete internationally. Furthermore, if tackling problems at source is an acknowledged remedy for solving disadvantage more cost-effectively and comprehensively, we can extend this logic and see that raising the quality of life of those at the bottom will have knock on effects when it comes to competing at an international scale.

7.4 When it comes to an international strategy and engagement with the ascendance of the East, it makes sense to illustrate the above points by reference to changes to the higher education budget. Science spending has been protected over spending on the humanities, but that decision risks looking arbitrary if the spending that has been protected is not then linked to skills, transport and a visionary long-term growth strategy. If this spending has been protected in the service of certain economic ends, it has to be properly linked up with other aspects of that strategy. Otherwise, the spending that is protected remains in interests no less "academic" than the humanities funding that was cut, undermining the case for cutting it at the expense of other subjects' block grants in the first place.

Who is doing the strategic thinking on the UK's role in an uncertain 21st century? How can government bring the public into more of a conversation with policy makers?

8.1 Current impediments to good strategic thinking are frequently a result of policy-makers misunderstanding the relationship between them and the service users. That relationship ought to be thought of in more collaborative terms than is currently the case. With more structured platforms for exchange between policy makers and those at its receiving end, policy makers would benefit from a more sophisticated understanding of the actual obstacles that are to be addressed, as well as the solutions.

8.2 Policy making through co-design is one natural and very effective way to achieve this. Positive examples of user input into services are the expert patient programme in the NHS, or the redesign of Alzheimer's services by thinkpublic, who led a series of co-design workshops which involved people living with dementia in the design of the National Dementia Strategy.

What is the role of the UK government in leading, enabling and delivering strategic thinking? Are there roles that need to be conducted by the UK government alone?

9.1 Counterintuitively, the transition from centralism to localism is an ongoing strategic ambition that highlights the need for a strong central government direction. To succeed, it requires clear support from the centre. A simple "letting go" leads to chaos and inaction in the short term. Community Budgets are a prime example of this. While on the one hand they fulfil the ideals of the pooled resources mentioned throughout this paper, their poor implementation shows the need for more coordination from central government over the transition phase.

9.2 There are lessons to be learnt here about the implementation of successful strategy. Although Community Budgets could realise the ideal of better long-term strategic planning because they pool budgets to tackle shared problems, only the outgoings and not the savings are currently looking to be shared and so there is therefore not a systemic incentive to contribute. Ultimately, the strategic direction given to Community Budgets is a push and not a pull. A stronger direction for localism should come not in the form of an order to contribute, but in the nurturing of a system of shared savings in order to make the longer-term benefits of a changed system more apparent.

Should the Government enable cities and regions, businesses and civil society, diaspora and social movements, and mutuals to play a greater role in making, shaping and delivering policy?

10.1 For cities or regions at least there is a clear argument for a role in strategic direction. Not as a replacement of the current thematic division of policy areas by departments, but as a supplementary consideration or basis for cooperation. It is easy to predict what happens in the absence of proper cooperation: a Science Park alone cannot form the instant solution to local growth and regeneration unless it is planned in conjunction with transport services, schools, careers services, and numerous other budgets that are outside of the normal consideration of the Department for Business, Innovation and Skills.

What are the skills that the Civil Service need to develop to build on existing strategic capacity?

11.1 In addition to existing departmental specialisms, if the Civil Service is to adapt to accommodate a greater voice for citizens' own expertises then the sort of skills needed for successful government over the next decade will be administrative as much as disciplinary. Design thinking, systems thinking, ethnographic techniques, behavioural economics, expert commissioning, an ability to scale, market regulation, and an understanding of developments in behavioural psychology could all become essential. We will need Civil

Servants in Whitehall who are not just knowledgeable about one area, but are able to apply best practice across different issues of policy.

October 2011

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Written evidence submitted by Andrew Griffiths (ST 10)

SUMMARY

— At present there is little concept of national strategy, and a plethora of evidence of incoherence. Where programmes do exist, these do not appear to be strongly evidence based, nor to learn from prior experience.

— Debate and policy/strategy formation appears to be unduly influenced by non-democratic parties (lobbyists, special advisors, NGO's), and policy consultations appear historically to have had limited engagement with the wider population, whose voice is not well heard, nor well represented by MPs.

— A key challenge to the concept of national strategy is that if it is not cross party it is not much of a strategy, and if it is cross party then no choice is offered to voters.

— In most cases of strategy formation and implementation in all sectors, good execution will easily overcome a mediocre strategy; Where government strategies do exist, they often deliver little for the considerable inputs, and this appears to me to be caused as much by poor execution as by poor strategy.

— I conclude that the concept of national strategy seems overly ambitious, but much could be achieved by learning from the government's own experience, applying the lessons, holding those responsible publicly to account, and by government trying to do less but do it better, and to facilitate in preference to "doing".

IN RESPONSE TO THE SPECIFIC QUESTIONS OF THE CONSULTATION

1. *Do we have a broad enough concept of national strategy in government*?

1.1 This would presuppose that there was any concept of national strategy in government—the body of evidence suggests to me that there is no such concept, nor any coherence that might pass as an emergent national strategy.

Example 1: Engaging in repeated overseas military adventures whilst not equipping or resourcing our armed forces for these.

Example 2: Energy policy lacks that any strategic rationale, preferring tokenism focused on low carbon ambitions of the political and NGO classes, rather than focusing on real world achievability, cost and technology implications, or the significance of peak oil.

Example 3: Immigration policy has and continues to permit a steady increase in the UK population, yet we have a public services infrastructure that is stretched by the existing population, a transport infrastructure that in barely adequate for purpose, and a housing shortage.

1.2 The nature of a good strategy is that it needs to be enduring, and thus needs to rise above party politics to avoid becoming a five year programme. There appears to be little in the way of historic examples of parties working in this way, nor realistically would we expect politicians to think beyond their current tenure. A further concern about a supra-political strategy is whether members of parliament have the insight or popular support to design such monotheistic structures, where the strategy will not change with a change of government. With a democratic deficit in more than a few areas, having a national strategy that all parties support would seem to be an opportunity to further ignore the potentially changing views of the electorate.

2. *To what extent is Government strategy based on evidence*?

2.1 From an external perspective, Government strategy (or rather the adhoc policies that masquerade as strategy) appears weakly based on evidence. Much direction appears to come from data gathering by Parliamentary Committees and working groups, and gives an appearance of overvaluing verbal contributions from well funded, well organised, well spoken parties with vested interests, particularly large companies, commercial lobbyists, and NGO's. I would suggest that any topic without a vested interest component does tend to get overlooked, regardless of the electorate's probable best interest—for example the Digital Economy bill appeared to be driven largely by the interests of copyright holding companies than (say) consumers, whereas vitally important but relatively abstract digital concepts (for example net neutrality, or internet privacy) were essentially ignored, or left to a particularly ineffective sector regulator.

2.2 A pressing concern is a failure to learn—Government is persistently associated with failed projects, or projects that deliver over cost, over-time, with reduced functionality, or fail completely: Fire Control Centres, NHS IT, DWP Customer Information System, almost every major defence project ever, etc. Then there are projects either executed by government, or mandated by government with no valid business case (a current example being HS2), or smart meters (in that case, a probable £15 billion outturn bill for no real benefit that will be inflicted on the populace through their energy bills). The strategy for UK digital radio shows similar lack of intelligence and insight: Continuing to press on with an already outdated technology that offers few benefits over FM, requires large subsidies and solves no problems.

2.3 Whilst the National Audit Office has broadly done a good job in identifying lessons on government programmes (although far too timid and consensual in many respects), it is clear that often strategy, policy and programmes are not informed by the evidence of the past. A stronger and more combative NAO would be a major step forward, but this needs to be considered in the light of the inability of politicians to accept valid criticism.

3. *Are there examples of policy-making programmes or processes that illustrate effective strategic thinking and behaviour within Whitehall?*

3.1 No response.

4. *How well has the government fulfilled its own commitments in the National Security Strategy, the Strategic Defence and Security Review and its response to the PASC report "Who does UK Grand Strategy"?*

4.1 Parables from ancient times have illustrated that it is not possible to please all of the people all of the time, but the approach of successive British governments does establish that you can actually please none of the people all of the time, particularly when it comes to defence. Taking the Strategic Defence & Security Review, the hardware decisions were bizarre; and the commitment on aircraft carriers serves as a fine example: Why are we buying two new carriers at all when the government evidently believe we can currently manage with none? Why build them now when we cannot afford the aircraft to operate them for another decade? The line that "these are contractual commitments of the last government" is clear nonsense, given the negotiating power of government as sole buyer of defence equipment in the UK, so in effect a Conservative/Liberal coalition has voluntarily committed around £7 billion (before the obligatory £3 billion over-spend) to buy Labour votes over the SNP in Scottish shipbuilding towns, working on military resources they don't believe we need, and indeed won't have operational for another decade. To design and build our own design of two carriers furthermore ignores scale economies and interoperability needs of Nato equipment (why not just buy a couple of US designed carriers with a work offset programme?), and ignores the history of MoD/BAe running wildly delayed and over-budget projects. Even the decision that we currently do not need any carriers is not supported by the nature of most of our military engagements in the past half century. Polite words fail to adequately summarise the quality of the SD&SR.

4.2 I think it fair to say that government defence strategies over the years have been some of their poorest pieces of work, and this can be seen going back many, many decades to debacles of the past (TSR-2, anybody?). One trend that defence strategy has created is the supposedly rising capability and certainly rising unit cost of defence equipment that mean we are now on glidepath to a position where the army will have one tank, the air force one bomber, and the navy one ship. This may seem ludicrous, but on the steady trends over the past twenty odd years as documented in Annual Abstract of Statistics, the Royal Navy will have one submarine and two frigates by 2022, and at around the same date the RAF will have one squadron of fast jets. I am not suggesting that the trends continue at that rate, or that the defence budget should be increased—merely stating that defence strategies have persistently assumed that fewer, more expensive assets replace more cheaper assets. In fact, botched procurement is a notable driver of increased unit costs, and the greater capability is often illusory in the field, such that our true capability is being diminished in a more uncertain world. Look at the £23 billion currently being wasted on the UK Eurofighter programme—to fight which air force? And worse, some of these Cold War air defence fighters are being refitted as embarrassingly poor ground attack aircraft, due to a lack of a replacement for 1970's designed strike aircraft. The wars of choice that this country engages in mean that our bread and butter air "defence" needs are tactical air to ground strike (the case since the end of the Cold War two decades ago) but the one thing our forces don't have is a competent strike aircraft. Similar comments can be made in respect of the need for and lack of attack and transport helicopters, cruise missiles, drones etc, but either way the point is that government is persistently incompetent in defence strategy and spending. The latest revelation that the MOD has spent more than half a billion pounds on consultants only further illustrates this incompetence.

5. *How effectively does the Government assess the UK's national interests and comparative advantages or assets, including industries as strategic assets; and how does the Government reach decisions to protect and promote them?*

5.1 I see little evidence that any recent government has acted well in the UK's strategic interest, nor that departments work together. A persistent trend has been for the tide of verbose, unhelpful and restrictive legislation to be blamed on the EU; there are some elements of truth in that, particularly in matters of environment and employment policy, but the ability of the British government to translate European requests into overly complex and burdensome legislation is a notable own goal. And both main parties have demonstrated a repeated ability to ignore the national interest in the UK's own jurisdiction that cannot be overlooked—for example the 700 odd pages of the Companies Act 2006 that not a single MP appeared to understand or have read, creating yet more red tape for no tangible benefit of any kind.

5.2 Industrial policy and the concept of industries as "strategic assets" has been largely absent for many years, although given the history this is probably a good thing; there is a wide body of academic literature that illustrates that protecting and promoting particular industries harms the wider public interest, and in the longer term is correlated with the decline of the supposedly favoured firms (the history of British car makers being

case in point). The very concept of governments being able to pick winners, or favouring particular commercial interests is worrisome, and the national interest would be better served by creating conditions that favour all UK based businesses. However, this is an area where much work is needed—an example being the harm that government inflicts by lack of a strategy for business is the disincentives inherent through the tax system. In particular, employers' national insurance is a circa £60 billion tax on jobs that makes employing UK staff less attractive and exacerbates non-beneficial trends such as offshoring. Indeed, employers payroll tax appears to be the third largest source of income for the government. The lack of any sense of business employment, or tax strategy (nay, lack of common sense) is further illustrated by the fact that the UK tax code is now one of the most complex in the world: the tax manager's bible, Tolley's Guide, now clocks in at 11,500 pages for the main volumes—what are you people on?

5.3 The choice to fund the higher education system through probably unsustainable student fees is another example of government completely failing the national interest. The prior government's ambition of sending half of young people into higher education was indeed a dubious goal—but that would still have had a better return on investment than the similar sum spent on overseas aid, the circa £55 billion UK net contribution to the EU, or the £24 billion spent by the UK government on largely useless "economic affairs". A far better approach for higher education would have been to introduce tuition fees for "soft" subjects, but not for science, engineering, medicine and the like, perhaps accompanied by a programme to reshape higher education around employment rather than as full time education.

5.4 Certain industries (for example financial services) do appear to be world leading performers, despite their deep unpopularity and recent problems, but in this case I remain to be convinced that the government will really act in the UK's interests when European leaders decide to try and advance their national interests by measures that impact on UK based financial services. In other sectors, we do have clusters of skill, such as Silicon Fen area around Cambridge—but with a single dominant company almost certainly destined to be bought by a larger foreign owned competitor, what have government done to bring on smaller growth companies in the tech sector? What have government done to help build on the skills in motorsport valley? Much talking, little action, and a persistent failure to listen and act upon the complaints of industry about excessive regulation, or to produce graduates with appropriate skills.

5.5 I perceive that the government has shown a total inability to accurately assess the UK's national interest: the current government's spending review and budget has been the biggest missed opportunity in probably half a century. Overlooking the need to rebalance the state from ever increasing public spending, the misallocation of public sector resources, tax code complexity, disincentives to work, to employ, or to invest, government has instead started on a range of actions and programmes with little electoral support. NHS reform; Increased overseas aid (eg funding the Indian education system despite the fact that India chooses to spend its own money on new aircraft carriers, nuclear weapons, and a space programme); and tinkering around with laws of succession. Were these examples really matters of strategic priority and in the national interest?

6. *Who is doing the strategic thinking on the UK's role in an uncertain 21st century*?

6.1 In terms of policy (given the lack of strategy and strategic thinking) much of the thinking seems to me (a view from the cheap seats) to be led by un-evidenced ministerial beliefs, political expediency, career civil servants, plus pressure from essentially undemocratic NGOs and commercial lobbyists, and "special advisors" (all of these last three being particularly malign and undemocratic aspects of modern government). The primary missing influence has to be that of the electorate. The ability of politicians to accurately gauge either public opinion or what is in the best interests of the country seems quite remarkably poor (particularly compared to the press), and this gulf between population and government appears to be widening.

6.2 Any "strategic thinking" needed thus needs to be a formulation based on the views of the electorate that is recognisable by them, balanced by an informed and strategic view that government needs to take, using the input of industry and NGO's with far more discretion than appears to be the current case. Note that is quite distinct from identifying that somebody actually formulates a strategy to be imposed on the electorate, and distinct from a strategy cobbled together by an uneasy alliance of career politicians, lobbyists and NGO's, aided by management consultants. I suspect that this would represent a tectonic shift in thinking for many MP's, who appear to universally regard themselves as free thinking representatives rather than delegates.

7. *What is the role of the UK government in leading, enabling and delivering strategic thinking*?

7.1 Leading: In the light of my view that there is no concept of national strategy, and little evidence based decision making, I don't see that government leads strategic thinking. I do have a view that on certain issues, the political classes see public debate as being at best a vehicle to corral opinion towards a pre-conceived conclusion, and which must be suppressed or ignored if the outcome of a robust debate would not support the politician's view (the recent European referendum debate being an excellent recent example, but many abound under the previous government).

7.2 Enabling: Government should indeed enable an informed national debate on what the issues are, leading towards a logical conclusion for all parties based on the evidence and conflicting opinions. In this respect government does half of a good job, with a huge amount of data and information on government web sites, but often in forms that do not get out to inform wider debate.

7.3 Delivering: I'm not sure that governments have successfully delivered any strategy. A particularly good example of failure to deliver a national strategy is on drug use. In the past decade hospital admissions for drug poisoning are up 58% (source NHS), and the use of class A drugs (as per BCS) has remained at a consistent level around 3% of a rising population over a similar time scale. In the real world, spending a billion quid a year without reducing class A drug use, and with rising hospital admissions would be classed as a failure.

8. *What are the skills that the Civil Service need to develop to build on existing strategic capacity? What are the relevant institutional, structural, leadership, budgeting and cultural reforms that are needed to support Ministers and the Civil Service*?

8.1 The civil service needs to be far less faceless, far more meritocratic, and far less tolerant of underperformance or failure. How did we get to the point where the Fire Control Centres had cost almost a billion pounds and delivered precisely nothing, yet nobody has been sacked? Given that the Prince2 method of project management, widely recognised and used successfully in the private sector is actually a UK government creation, why do so many government projects go so badly wrong?

9. *What can we learn from what other countries, both in terms of what they do in strategic policy making and how they perceive the UK*?

9.1 I suspect that it is an accurate summary that the greater government involvement in declaring strategies, and indeed involvement in the economy, the worse the growth rates. Soviet style central planning has been a known disaster in all implementations, and there is a clear negative correlation between state involvement in the economy and growth, even across Europe.

9.2 One of the fastest and most consistent growth stories is of course China, and the example here is that complex and ambitious government programmes (eg high speed rail) have been significantly problematic, but the great successes have been where government has facilitated simpler new infrastructure (eg export ports, road transport links, development zones) and then stood well clear whilst new industries are created. A summary might be that the Chinese government removes barriers to growth; I see an opposite scenario in the UK, that government creates or maintains barriers to growth.

9.3 Transferring this to the UK, the lesson is that with government, less is indeed more: Government is essential to create simple, robust frameworks for the economy to thrive, and to create basic civil infrastructure that is needed. However, overly ambitious investment programmes, direct market interventions and excess law making should be avoided as these often deliver mediocre or poor results.

November 2011

Written evidence submitted by NHJ Strategy Consulting (ST 12)

Our primary concern is to ask for clarification on who is dealing with/discussing the "first order" issue of the potential implications of a major and sustained economic crisis, across Europe and more broadly across the world? Some notes/thoughts:

— No-one is even mentioning the possible security implications of the current economic crisis—which are potentially huge. Governments could fall—and indeed are doing so.

— Hopefully, we will not have a 21st century Kreditanstaldt banking collapse event that leads to a new turbo-charged Great Depression. However, Mervyn King, Max Hastings, and others are right to warn us that events could get that bad—and Citigroup's chief economist Willem Butler's recent warning to a parliamentary committee that "if things get out of hand in the euro area no bank in the financial-integrated world will stand" may well be a prescient warning. Even the best scenario—seemingly 5–10 years of Japanese-style stagnation will test us to new levels.

— Many recognise this as the No 1 threat—so we might expect that the National Security Council (NSC) has discussed it, and ensured that the right contingency planning and "due diligence" work is going on—not detracting from the main effort of doing everything to avoid catastrophe, but "just in case".

— But apparently there has been no such serious National Security discussion. The NSC has spent all its time on other issues, including many hours on Libya and Afghanistan, which in the scheme of current unfurling events probably rate as "second order" issues.

— The current military operational workload could—and should—be dealt with by the Chiefs of Staff and COBRA or senior cabinet special envoy level. With shades of recent lessons from military action in Kosovo and Iraq, all necessary prudent planning and preparation for the really big international and national strategic issue seems to remain hobbled by an official refusal to countenance that political, diplomatic, and other instruments might not work and succeed in preventing disaster.

— Whilst—understandably—maximum effort is going to avert/mitigate meltdown, as Mervyn King has made clear even the best scenario (provision of a two to three Trillion Euro firewall and no mega collapse) means many years of hardship and troubles. We have still to see the detail of recent EU agreements—but figures of two/three trillion are not being spoken about.

— So what are the potential consequences? We must not of course contribute to a self-fulfilling prophecy, but the August riots were a wake up call and few in authority can watch the scenes of growing disorder in Greece and potentially elsewhere, or the camped-out protestors in front of St Pauls, without mounting concern; these are not all "weirdos". There are serious generational gaps opening up which could well spread—and we need to work out now what we would do about it here in the UK if things were to deteriorate.

— Security effort is already maxed out preparing for the Olympics—the biggest homeland security operation since 1945. But the rub is we just could be faced at very short notice with an order of magnitude more difficult and multiple crisis overwhelming disaster; one senses that we are woefully unprepared for such an event. As we glimpsed in August, the police cannot be everywhere and they have very limited capacity to cope with an enduring and large scale multiple location major crisis. We have no police or other emergency services reserves; no gendarmerie; no national guard. The much reduced and heavily committed military just do not have the means and capacity to fill the gaps. Lip service seems to being paid to the "high-impact low-probability event"—considered too unlikely and too difficult.

— Key politicians and major and local authority chief executives have not exercised or prepared to the necessary level. We saw that in August in a scenario far below a really bad one. They are not match fit nor ready for the high speed and multiple crisis that could well emerge. The tanker driver's dispute, foot and mouth epidemic and recent riots caught us out badly. We need only recall New Orleans in 2007 where the police, national guard, and other civil agencies were unable to cope and a regular army division had to deploy, or Japan this year where probably the best prepared nation for responding to major disaster saw leaders and officials floundering as some fundamental planning assumptions, safety standards and drills were found to be utterly flawed.

— Max Hastings put his finger on it on BBC Radio 4 recently when he said all politicians were "funking it" and fiddling on with second and third order issues when they should be focusing on the one big issue and going into full emergency mode. This is the emperor laid bare issue. Have NSC/Home Secretary and officials thought through the potential scale of legitimate protest—let alone disorder—in this digital information age? Over 400,000 (mainly middle class, well educated) went onto the streets in Israel recently, out of a population of just six million!

— Should not the Prime Minister appoint a former cabinet heavyweight with broad national appeal to head up an independent—and it must be completely independent—"go anywhere ask any question" stress test of our plans and preparations to deal with the bad and catastrophic scenarios. The "day team"—political leaders and key officials—are all too busy with the "day job" and focusing on averting financial meltdown and "normal" crisis planning to ensure we have the worst case covered.

— It is not unremitting woe. We do have some of the best quality emergency plans and responders in Europe. We have considerable expertise to deal with mainly single challenging threats and we have learnt lessons from July 2005 and, no doubt, from this August. But we are particularly vulnerable to being overwhelmed in situations that are of a scale and speed that today can no longer be described as a "tiny probability".

— However things turn out, there is a potentially massive public safety issue that needs to be gripped. Fast. There are many security aspects of this economic crisis that could well bring enormous change. We need to start investing right now in the intellectual horsepower to do the necessary prudent planning.

There are of course other major issues as well, like the potential security implications of, for example:

— A significant shortfall meeting the national energy needs in 5+ years time?

— Our future food security?

— Continuing high levels of immigration and the ability of our infrastructure to cope?

— Disputes in the Eastern Mediterranean—gas/oil Israel/Gaza/Lebanon/Turkey?

— China/India?

— A failure in Egypt to come up with an "acceptable" way ahead—the likelihood of a 2nd Arab Spring?

So, how is the NSC bringing in people who think outside the paradigm—capturing and considering more "outsider" views? We need more culturally diverse thinkers—a "tomorrow team" to challenge assumptions like the belief that our socio-political foundation of our own nation states is stable and secure. Moral paradigms are being challenged and changed and there are a large number of converging pressures on our socio-political systems; we could see some real game-changers in the near future"- including the end of "me-first capitalism".

Below are some notes/thoughts that are gleaned from our own conversations and from attending various conferences/meetings with others:

— We need to establish a focus on a "political-moral" system to frame current security problems. Today's politics and governmental structures are failing to appreciate an imminent collapse or powerful erosion of western civilization on those terms, with very strong implications for the break down in social cohesion.

— We therefore need to challenge the assumption that we are "operating from a secure base," ie that the socio-political foundation of our own nation states is stable and secure. Moral paradigms are being challenged and changed, and we need a strong sense of urgency to deal with the large number of "converging pressures" in our socio-political systems.

— The current era, taken in an historical context, could well be framed as the end of "me-first capitalism". What form will the new, prevailing "face of capitalism" take?

— How do governments and social institutions operate in a "21st century emergency mode" in order to establish effective mechanisms and enable the leadership to redistribute hope and opportunity?

— We should compare the way that the West practice national politics with a narrow view, ie "tactical politics", but Chinese politicians are focused on "macro politics".

— Will there be a shift from policies of "national security" to "community security"?

— We need to explore the linkage between these political and social trends with evolutions in individuals' value shifts.

— We need to consider the perception and phenomenon of "Dispossession". If well understood in context, this can serve as a macro-indicator of pending conflict, particularly when a significant segment of society does not have access to what it considers its due.

— We need to break out of the boundaries of "group-think" inherent in a like-minded community of interest and avoid being dominated by Anglo-American concepts and precepts. We need to incentivise original thinking and intellectual risk taking; "turf" and "ego" are the simple, age-old obstacles to strategic thinking and leadership.

— Policies and strategies need to address socio-political conflict, focused, or *framed, on "social movements,"* rather than on specific leaders. We need to understand the social dynamics of movements; this implies a strategy of partnering or collaborating with social movements that seek to get the social contract right—and that effectively "expose" those who manipulate the social contract.

— So we need to place emphasis on the *"communication space"*—at least as much as on traditional "space" or domains, like sea, air, land and outer space. For social movements, a big part of "communication space" is tied to credible leaders and communicators. In other words (as in a social movement) we need to understand to whom the people listen (ie pay attention to) and understand why.

— We need to think through how the public media and the broader communication space affect political leadership—who sense such strong vulnerability to their reputations, especially when shown or seen to be mistaken.

— We need to recruit and retain *premier "communicators",* which has much more to do with character and leadership than with style and personality.

— We need to understand the concept of *"being in command but out of control",* which has strong implications for modern social organization trends.

— We need to develop an approach that looks for "spikes" in certain trend levels in a broad range of social activity—most obviously in communications. The challenge is to define and monitor the trend levels. This can be likened to "spikes" in chatter sought by intelligence and law enforcement agencies, for which the "chatter" details may not be understood but the volume, frequency, or other aspect of chatter is nevertheless seen to "spike". Smaller shifts can also be significant indicators; social media activity probably presents activity or communications flows that could be monitored for indicators of disruption.

— How do we define and shift from a "comprehensive approach" (ie "whole-of-government") to an even more holistic "integrated approach" to addressing national security challenges, in order to develop campaign plans with partner agencies as against a plan being crafted by a lead agency with others then adding respective annexes/attachments.

— How do we to posture "force" for the future, ie diplomatic corps and other non-military staff—a shift in emphasis from functional/sectored experts back to country-specific experts? Defense staffs need to be more agile—more "proactive". The recent expansion of UK embassies by their Foreign Office, in "emerging countries," needs to be matched by the MoD.

— How do we structure large staffs and organizations so they can change and evolve at the pace needed within the new "strategic environment"?

— We need to consider questions of strategic surprise, and compare philosophies of "avoiding surprise" with those of "denying opponents the leverage of surprise".

— How do we re-establish genuine R&D eg those who were left alone in wooden sheds before and during WWII in peace and quiet to do their thinking—and then emerged having invented and further developed rather important things like radar.

— The Arab Spring is as significant as the fall of Communism. The key ideals driving the activists and followers are "self-determination" and "some rule of law". The challenge, then, is understand what these (eg "self-determination") look like in the "new" strategic environment.

— But we mustn't over-embrace the lessons from Iraq and Afghanistan. In analyzing the events of the "Arab Spring" we shouldn't conceptually conflate "connected" crowds with "informed" crowds. Here, as with piracy, the "more interesting space" (ie, larger strategic challenge) is with the higher-order organization. For the piracy challenge, this means the strategic solution is tied more to insurers and finance companies than with boats and pirates!

November 2011

Written evidence submitted by Dr Patrick Porter (ST 14)

I would like to offer some brief thoughts on why grand strategy is difficult for the UK to conceive and apply today. This submission intends to address question 1(a) *Where is there a failure to be coherent*? and on the concept of national strategy in government more broadly.

This is based on my work as a Reader in Strategic Studies at the University of Reading, as member of the UK Chief of Defence Staff's Strategic Forum, and a contributing editor to the online strategy ejournal *Infinity*.

SUMMARY

— In current strategic debate, the predominant focus on institutions and mechanisms runs the risk of eclipsing a deeper debate about identity and ideas.

— The coherence of British grand strategy suffers from several interlocking difficulties in the realm of ideas: the cultural problem, the boundaries problem, the liberalism problem, and the autonomy problem.

— The Cultural problem: there is resistance to the very concept of grand strategy at both an elite and popular level in British society.

— The Boundaries problem: the fading of geopolitical thinking means British "interests" have been de-territorialised almost to the point of incoherence.

— The Liberalism problem: liberalism potentially makes it harder to recognise the compromises and tradeoffs inherent to making strategy.

— The Autonomy problem: Britain has become a satellite state within an American grand strategy.

INSTITUTIONS AND IDEAS

Recent debate on UK grand strategy has pivoted on the issue of institutions. The focus for a recent conference at the Royal United Services Institute, for example, was on creating mechanisms within government that will more effectively produce strategy. The creation of new fora, a new National Security Council and new declaratory documents reflects the priority of giving strategy an institutional "home".

This is an important undertaking and deserves attention. But the question of ideas and identity has been underplayed. The creation of an elaborate architecture within which the nation coordinates its arms of government, and links its resources to its goals, can potentially be a hollow exercise. Formal structures in themselves are not necessarily a bulwark against what Walter Lippmann called "insolvency"—where a state's commitments exceed its power, leading to greater insecurity abroad and division at home.

Institutions are not necessarily fertile for the creative interplay of ideas and critical thinking. They can be captured by orthodoxies, hostile to dissent and constrained by narrow political agendas. The United States faces a grave debt-deficit crisis and is still recovering from the costly and polarising invasion of Iraq, despite having a National Security Council and a National Security Strategy. Indeed, a preoccupation with styles of government potentially can eclipse the most vital question of ideas and identity: what kind of country does Britain want to be, and have the power to be?

To be sure, there is an important relationship between institutions and ideas. For strategy to be effective, it needs a vehicle of articulation and delivery. But for institutions to be effective, they need to be receptive to the broadest possible market of ideas.

In the realm of ideas and identity, conceiving and making strategy in contemporary Britain is made difficult by four interlocking problems: the Cultural problem, the Boundaries problem, the Liberalism problem and the Autonomy problem.

THE CULTURAL PROBLEM

It is difficult for the concept "grand strategy" to take root in contemporary Britain, because in several respects there is considerable resistance to it. On one hand, it can be conceived so grandly as to be a useless concept, so that "grand strategy" is conflated with just about everything. Grand strategy is an expansive but not unlimited idea. It is the orchestration of ends, ways and means to secure a way of life *in a context of actual or possible armed conflict*. The actuality or possibility of armed conflict, and the underlying notion that world politics is an anarchic jungle where states need to help themselves causes discomfort to many contemporary government officials, as it jars with their notion of a de-bellicised, rules-based international community. It also

conflicts with an increasingly popular view that human politics is transforming to the point where the prospect of war between states is marginal, irrelevant and at odds with the interdependent and globalised character of the world. There are good arguments for not proceeding on the basis of this assumption and for designing a national defence on the possibility that world politics could become uglier and more insecure in the future, as the escalating strategic rivalries in the Asia-Pacific suggest. But for many in Whitehall, the subject of grand strategy in itself carries ideological baggage.

To others within government, "grand strategy" smacks of outmoded, amoral power-politics and archaic militarism. This preconception is unfounded. Grand strategy in its most prudent and responsible form is about how security communities shape the external environment to make it conducive to their institutions and way of life. It is not necessarily militaristic. Indeed, the most prudent statecraft is about the limitation of war and its subordination to policy, to make it the servant rather than the master. It is not necessarily amoral, but rather a question of how to relate morality with power. This takes concrete form in difficult decisions about alliances and relationships, for example the issue of aligning Britain with Stalin's Soviet Union as a lesser evil to counter Nazi Germany, or more recently, commuting the sentences of convicted Irish terrorists in order to purchase peace.

In wider society, the study of strategy—the role of the armed forces in symbiosis with other instruments of power in world politics, the prudent pursuit of security and the national interest, and the endless effort to align power and interests- remains marginal. That is the case in our universities. As the American political scientist John Mearsheimer observed on one visit to this country, politics departments are mostly dominated by idealists in many forms who have largely purged political realists from their ranks. Strategy is at heart the study of power politics, and "strategic studies" privileges the state as a central player. It is not exclusive to political realism, the pessimistic tradition that accepts insecurity, anarchy and power politics as facts of life. But it is most strongly associated with it. In this regard, the British academy lacks a healthy breadth of opinion. Strikingly, strategy also occupies only a modest share of the curriculum at Britain's Joint Services Command and Staff College. And recent surveys suggest that children lack basic familiarity with diplomatic and military history. In sum, large segments of British society, at both a mass and elite level, are strategically illiterate or even hostile to the subject itself.

The Boundaries Problem

Grand Strategy deals with limitations, on resources, power and will. It therefore requires an intellectual "discipline", to rank interests, to separate the vital from the peripheral. To defend everything, as the saying goes, is to defend nothing. Traditionally, geography and geopolitics were the organising ideas for British strategy. Two specific priorities guided generations of governments: the balance of power in continental Europe, and the securing of India. Britain's worldwide exercise of power revolved around these causes. For centuries, there was a basic, often uncodified geopolitical logic to British grand strategy—to secure Britain by keeping Europe divided and at acceptable cost. Winston Churchill summarised it:

> For 400 years the foreign policy of England has been to oppose the strongest, most aggressive, most dominating Power on the Continent, and particularly to prevent the Low Countries from falling into the hands of such a Power…Faced by Philip II of Spain, against Louis XIV under William III and Marlborough, against Napoleon, against William II of Germany, it would have been easy and must have been very tempting to join with the stronger and share the fruits of his conquest. However, we always took the harder course, joined with the less strong Powers, made a combination among them, and thus defeated and frustrated the Continental military tyrant, whoever he was, whatever nation he led. Thus we preserved the liberties of Europe.

To give this some historical perspective, the Committee of Imperial Defence (CID), formed in the wake of the Anglo-Boer war, wrestled with multiple commitments but knew what it was arguing about, because its debates orbited around geopolitical priorities. It discussed India in 50 out of 80 meetings between 1902 and 1905. India was at the heart of Britain's standing in the world, and along with the balance of power in Europe, there was a sense of territoriality to how Britain defined its interests.

However, the British Empire receded. Continental Europe was pacified. For this and other reasons, a consciousness of geography was gradually replaced by "globalism", universal, open-ended and imprecise concepts that recognise few limitations: "punching above our weight", "global player", "force for good", or a "rules based" world order. Official strategic documents and government declarations identify contemporary threats as borderless, fluid and transnational, from the Al Qaeda terrorist network to cyber-threats to Bird-Flu. In other words, the hard work of defining the national interest and allocating scarce resources is now more intellectually difficult than ever, because it has been de-territorialised almost to the point of incoherence. As the various iterations of the *National Security Strategy* made clear, security is now articulated as a disembodied matter of promoting democracy, stability or the promotion of "governance". This is not to say that there is no merit in recognising transnational security challenges. But it is to observe that without territoriality, it is harder strategise effectively.

THE LIBERALISM PROBLEM

As a body of ideas and practices, liberalism exercises a strong influence over British statecraft and how it is articulated. In all of Britain's recent conflicts—against Serbia in 1999, Afghanistan from 2001, Iraq from 2003 and most recently Libya—the use of force has been married to an elevated conception of defending and spreading liberal values abroad in order to secure the UK, values such as individual rights, a free press or the limitation of government. Liberal values should play some role in defining the *ends* or purposes of strategy, if strategy is about securing a way of life. After all, this pattern was anticipated in the Anglo-American Atlantic Charter of 1941. There is a danger, however, in equating the nation's values with its interests. It can oversimplify the tragic, conflicted and morally complex nature of international security.

Consider the recent NATO "Operation Unified Protector" in Libya, a multilateral effort spearheaded by Britain and France to forestall atrocities by Colonel Qaddafi's regime and ultimately to enable his overthrow. Britain's Prime Minister and his supporters justified this action on the basis that it fused UK values and interests, curtailing the destabilising violence of a predatory state, while aligning Britain with the right side of one front in the Arab Spring. In time, this action may be vindicated as a blow for human rights and democracy.

Yet in a broader sense, this action may have had pernicious unintended consequences. An equally important, official objective of the UK and NATO, according to the NATO Strategic Concept agreed at Lisbon in 2010, is counter-proliferation of weapons of mass destruction and the creation of conditions that lead to disarmament. Multi-lateral disarmament as well as democracy promotion is an important part of shaping a security environment in which Britain can protect its way of life. In Libya, a Western-led intervention has attacked and overthrown a state that had peacefully disarmed. From the perspective of potential adversaries, such as Iran or North Korea, there is a broader and brutal pattern in the past decade. To cite David Patrikarakos:

> Hardliners in Iran have learned an important lesson from recent history. They have just seen Gaddafi overthrown after giving up his nuclear programme in 2003, the same year that Iraq, which never had a nuclear weapons programme, was invaded. And they remember that in 2001 the US invaded Afghanistan on the grounds that it harboured and funded the Taliban, while making Pakistan, which also harboured and funded the Taliban, but had nuclear weapons, a major ally in the war on terror. The message is simple: nuclear weapons mean security.

If the war against Qaddafi has added impetus to proliferation elsewhere, it may still arguably have been "worth it". This is a difficult judgement call. But this argument was hardly made in the public debate. The underlying problem is that liberalism with its tendency to view the world in crusading terms of right and wrong at crucial moments fails to recognise the way different "values" and "interests" can conflict, and can lead to a narrow comprehension of issues in a vacuum. Enabling free elections, a new political order and human security in Libya may add to spiralling mistrust and confrontation elsewhere. Prudent strategy recognises the way that the exercise of power often forces compromises and trade-offs between the things we value. Without a sense of the tragic, it is hard to grapple with the dilemmas that are inherent in making strategy.

THE AUTONOMY PROBLEM

The notion of a distinctive British grand strategy is problematic. Britain is no longer an independent, autonomous Great Power as it once was. Historically, Britain's historical capacity to project power as an independent force was symbiotic with its relative financial and trading clout. It is hard to understand Britain's use of force, and the shape and posture of its armed forces, without considering one of the most momentous strategic shifts of the twentieth century: the eclipse of British power by America, and Washington's dismantling of the British Empire. Britain became a satellite state of an American grand strategy. In World War Two, the United States proved to be both friend and adversary. With the leverage of Lend-Lease, America exacted strict terms on Britain's export trade, its dollar and gold reserves, indeed the very sinews of its global strength. As it became the senior partner in the relationship and acquired ever more bargaining power, Washington deliberately broke up the Stirling trading bloc created at Ottawa in 1932, and the imperial preference system, and muscled British industries and traders out of markets. The Bretton Woods conference of 1944 confirmed the economic transformation of the world, supplanting the existing, protectionist systems with free trade, the reign of the dollar as the world's reserve currency and the "Open Door" on America's terms.

This shapes how Britain designs its armed forces. It plans around US-led coalitions and inter-operability with America's. Ever since the *1958 US-UK Mutual Defence Agreement*, renewed ever since, its nuclear deterrent has been dependent on the US for design, procurement, infrastructure and satellite guidance. Britain borrows the architecture of grand strategy from Washington. At a grand strategic level, in exchange for support and even loyalty when the shooting starts, in exchange for the blood price, British governments hoped to secure unparalleled sway in Washington. Indeed, Britain's overriding project since 1945 could be called the "pursuit of specialness", trying to exert power vicariously through the medium of the transatlantic relationship. Though it has sought to influence and even tutor the new superpower, Britain became a subordinate state of an American grand strategy.

It is not the place of this submission to judge whether this project is wise. But it does make strategising more difficult. The coming of the *Pax Americana*, especially through World War Two, has constrained and complicated Britain's capacity for independent strategy ever since. This was realised sharply in some of Britain's post-war conflicts. During the Suez crisis in November 1956, with British gold and dollar reserves

falling, the government turned to International Monetary Fund for emergency loans, but under US pressure, the request was rejected. The 1982 Falklands war again underlined British reliance on American permission and support in order to operate. While being an independent Great Power is no guarantee of success, designing one's foreign policy, military capability and diplomacy around the U.S. does compromise the ability to calculate and decide freely.

CONCLUSION

This brief submission has indicated just some areas where the Select Committee might direct some of its inquiries. As the Committee will appreciate, before the UK government can address and begin to "solve" the problem, it is worth defining the problem itself and bringing some context and perspective to bear. The long overdue inquest into the "strategy deficit" in Britain should be richer and more conceptual than a merely institutional and technocratic debate. I hope this document is a small step in that direction.

December 2011

Written evidence submitted by Professor Gwyn Prins (ST 15)

"Where there is no vision, the people perish" (Proverbs)

1. It is plain that, as Winston Churchill might have put it, we are at the end of the beginning of the resolution of the long-brewed crisis in British defence and security. The SDSR review deepened rather than relieved that crisis in the opinion of Parliament's two ranking select committees, those on Public Administration and on Defence. In particular, the finding of PASC in its 2010 study on strategy-making has been confirmed by events. The Government regards the Libyan episode as a vindication of the SDSR. Most professional and much foreign opinion does not agree.[32]

2. However, what is fundamentally at issue is nothing as transient as the review of one or another operation. The first order issue is that as PASC found in its 2010 report, there is a profound structural problem about strategic thinking in Britain today. Specifically it is about procedures which present an illusion of scientific objectivity and precision, but actually possess neither. "Horizon scanning" and the like have proliferated, especially over the last 15 years, and are presented as strategic thinking in Government. But they are no such thing. As PASC reported in 2010, one dimension of the problem is that we did not know who does strategic thinking. It has concluded that no-one does. But of even greater consequence is to answer the logically prior question, which is the focus of the 2011 Inquiry: what strategic thinking "fit for purpose" in the 21st century, actually is. That is the subject of this Proof of Evidence.

3. I will:

— first explain the current "levels of analysis" problem in Government strategic assessment relating to defence and security;

— then identify the three vital characteristics of Britain's contemporary strategic context that any assessment process that is "fit for purpose" must be able to engage; and finally

— propose the methodological essentials, and a detailed institutional possibility, for how this could be done.

4. The same concern about both the process and the nature of current strategic assessment that the Select Committees raised about the SDSR may be deduced and illustrated from the reception to the essay that Vice Admiral Sir Jeremy Blackham and I published in the *RUSI Journal* last year, entitled, "Why Things Don't Happen: Silent Principles of National Security".[33]

5. Following Sun Tzu's advice, we recommended how, by paying for the right sort of defence forces to exist and (ideally) do nothing while being constantly capable of many potently active and undefined "somethings", we may help ensure that bad things don't happen. In stark contrast stands a sunnier assumption. Peace is the new default. It underpins the views of those—which, judging by its actions, appears to include the higher circle of the present Government—who see "soft" power as a more civilised and powerful substitute for "hard" power. Subscribers to this view feel that "hard" power can therefore be reduced safely. We disagree. We understand that without the aura of power that hard power alone confers, soft power is merely limp. The presence of a broad and competent spectrum of capability, and perception of a clear will to employ it, are the vital ingredients of credible conventional deterrence. Together—and only together—they both increase our influence through all other (non-military) means and reduce the likelihood that we will have to use that force in anger.

6. Therefore it follows that a "bare bones" capability and evident lack of will to use force, conversely increase the likelihood of use. It is a bitter but familiar paradox of war and peace. *Si vis pacem para bellum.*

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[32] House of Commons Public Administration Select Committee, *"Who does UK national strategy?"* First Report of Session 2010–11, HC 435, 18 October 2010; House of Commons Defence Committee, *"The Strategic Defence and Security Review and the National Security Strategy,"* Sixth Report of Session 2010–12, HC 761, 3 August 2011.

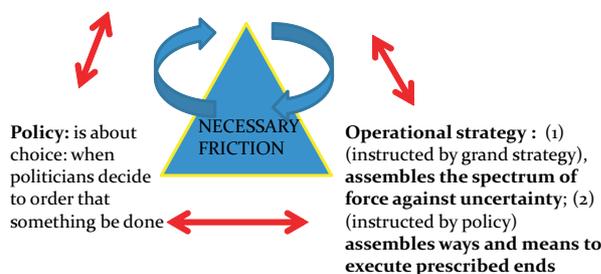[33] August/September 2010, Vol 155 (4) pp 14–22.

7. This being so, then it further follows that a critical mass of force, both in total and in its component parts, must be preserved, as the Defence Select Committee recommended. It is an elementary requirement known to any commander, and should be the essential force-sizing criterion. It is therefore both surprising and alarming to read in the Government's response to the August 2011 Defence Select Committee report on the SDSR that "We do not agree that developing the concept of "critical mass" for our Armed Forces would be valuable. We do not use this as a concept in Defence planning …"[34] That is indeed so; and it contributes to the present crisis.

8. Critical mass is the indispensible criterion for tactical force shaping. But there is a higher level requirement too. Blackham and I argued that unchanging geopolitical truths of British interests should principally shape our defence priorities. We argued that our defences must again be Palmerstonian—independently capable in order that we may be good allies. Accepting that proposition in turn requires a clean break from Whitehall's widespread, reflexive misunderstanding of globalisation, that confuses the hope for supranational multilateralism via the EU, UN etc with the reality of their fading powers in a darkening, less policed world. Since we published last summer, the latent crisis of the EU has become unambiguously patent, it's very continuation threatened by the destructive consequences of the euro single currency. We argued that the forgotten principles of national security are silent non-nuclear deterrence and that their principal expression is naval. The SDSR then made the already fragile maritime and hence core national security situation worse by its three main deletions: of maritime fixed-wing airpower; of long-range maritime patrol platform and capability and—less noticed by the press—by reduction of the scale and safety of Royal Marines amphibious landing capability: the nation's prime high-readiness force.

9. We have heard that many inside MoD and Whitehall read this essay as "a naval case". But despite my co-author's distinguished past service career, the RN was not its principal subject at all. Our essay aimed to erect grand strategic criteria grounded in principles external to the SDSR against which its eventual product could be scored—and was, and failed. The "tribal" response illustrated the pervasive tendency to confuse first order (strategic) national security ends with second order (tactical) means. Indeed, it interprets "strategy" in the sense that business uses it, as a means to execute a prescribed plan. This is the "levels of analysis" category mistake that current structures and assumptions of thinking actually stimulate, which vitiates most government "strategy" that I encounter, and not only in MoD. It results reliably in unintended consequences. Eyes are closed and minds are closed. The problems are increasingly "wicked" but the analysis is "tame"—a distinction to which I return below.

10. However, since the SDSR, not all has gone as badly as with our force levels, structures and total spectrum of capability. In particular, one of the core defects that the Select Committees noted has begun to be addressed. In a speech to the Foreign Affairs forum in May, the Chief of the Defence Staff set out definitions of grand strategy and operational strategy so that both might better help inform policy-making. These meanings were further explored and given substance in my study *The British Way of Strategy-Making*.[35] The figure summarises the main characteristics and the creative energy of interaction between the points of the triangle.

Grand Strategy addresses (1) matters beyond the power of any government to control, viz, geo-political facts of life; risks and threats to the enduring aspects of the national interest; **also (2) how best the national interest is projected by the aura of national power where hard power supports soft power, which unsupported, is limp**

NECESSARY FRICTION

Policy: is about choice: when politicians decide to order that something be done

Operational strategy : (1) (instructed by grand strategy), **assembles the spectrum of force against uncertainty**; (2) (instructed by policy) **assembles ways and means to execute prescribed ends**

11. What must this clarified, simplified and strengthened framework of strategic and policy thinking be able to do? I suggest that it has to be capable of engaging comfortably with three vital features of the modern world order.

 (a) *The Geopolitics of the British national interest.* Geopolitics is about the relative physical positions and interactions on the globe of the major powers, their cultures and economies; and

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[34] The Strategic Defence & Security Review and the national Security Strategy: Government response to the Committee's Sixth Report of Session 2010–12, HC 1639, 10 November 2011, HMSO, response in Para 37, p 23.

[35] G Prins, The British Way of Strategy-Making, Occasional Paper October 2011, RUSI with the Humanities Research Institute, University of Buckingham, p 4.

it is like the weather. It presents in many forms but it is still the weather. It is an inevitable but recently forgotten foundation of grand strategic thinking that needs to be recalled to mind. Contrary to some expectations, the internet age has no more abolished geopolitics than the nation-state. It is mainly about things that are, by their nature, beyond the powers of any government to control.

(b) *The "wickedness" of most major looming problems.* But if eternal verities take new forms, many of our most pressing national security challenges do have new "wicked" forms. "Wicked" problems are open system issues, incompletely understood with no bounded data set, no stopping rule for research, no possibility for iterative experimentation and notorious for producing perverse, unintended consequences when governments try to act on them.[36] But the challenge of "wickedness" is barely yet registering in British officialdom and not at all in its assessment methodologies which remain "tame" (where those conditions are met).[37] That is not the case elsewhere. Australia and Sweden are both actively grappling with this challenge.[38]

(c) *The relationships between risks and threats.* Combine loss or denial of national identity with unrealistically transformative expectations of globalisation, an inability to understand "wickedness" in strategic challenges, excessive belief in the ability of government to achieve predictable outcomes and the bureaucratic momentum of "tame" methods of threat assessment. The result is an inability to see that risk environments may strengthen in consequence, and can incubate threats (as with unconditional terrorism).[39] But noticing these vulnerabilities is predicated upon assessing the prior two areas mentioned.

12. Why are current official methods not competent to assess these three vital issues? The reasons are deeply embedded in our cultural assumptions about the nature of knowledge.

13. Current methods are not effective because they fail to distinguish four forms of knowledge and, therefore, cannot choose which to use, when, and how they can support each other. Dazzled by the world-altering powers of Enlightenment science, it assumes that all significant problems are tractable to one type of knowledge and to scientific solution. This fallacy underpins the recent proliferation of Scientific Advisers across departments. It also makes it appear shameful for civil servants to admit to ignorance or to say that nothing can be done (or should be done) by Government.

14. In the *Nicomachean Ethics*, Aristotle distinguishes three forms of knowledge. There is *techné*—masterful *"know how" knowledge* which changes things; and there is *epistemé—reproducible, theoretical knowledge* which is normative. Both these are powerful in "tame" contexts, although the complexity of modern life decreases the purchase of each individual's *techné* and *epistemé*.[40] But the third knowledge is essential for human affairs (says Aristotle), as well as for all "wicked" problems. This is *phronesis—practical wisdom* which must guide when we face the unknown.

15. To *phronesis* we should add *metis—conjectural knowledge* (sometimes translated as "cunning"): the learned capacity for handling complexity that combines flair, wisdom, forethought, subtlety of mind, deception, resourcefulness, vigilance, and opportunism. It can provide the ability to anticipate, modify and influence the shape of events. It makes one comfortable with the absence of precision in a "wicked" world but also be able to deploy human ingenuity.

16. *Phronesis* and *metis* are the forms of knowledge which equip us to recognise the entirely new for what it is and to make choices in the face of uncertainty. Knowing only white swans, to recognise a black one, nonetheless. The diagram below locates current Government assessment methods on a matrix framed by our eyes and our minds, open and closed. What are needed, and what I with others have long been developing, are methods which can be "routinised" and yet allow us to cope with the unknown.

17. Assessment staff trained in such ways of analysis and thinking should have two standing roles. In respect of their routine assessment of the three key characteristics:

(a) *responsive*—to report on the correctness of "fit" of any departmental strategic analysis to its subject; and

(b) *pro-active*—to issue "open minds/open eyes" challenges to any departments.

18. How can this be done efficiently? In 2010, the Public Administration Select Committee called for a special new capacity to be developed. In my view and in line with the normal way that successful new capabilities evolve in the British constitution, the most secure route would be one that employs well tried and tested procedures and adapts them to the needs of the task just explained.

19. That function becomes one of a Commissioner for Strategic Analysis who is tasked to test the "fit" of method and data to problem as just indicated. Such tests are a form of Assay. Since 1282, annually the Queen's

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[36] HW J Rittel & M M Webber, "Dilemmas in the general theory of planning", Policy Sciences, 4(2), June 1973, pp 155–69.

[37] This is detailed in fn 4 p 22 of Blackham & Prins, "Why things Don't Happen...".

[38] Australian Public Service Commission, Tackling Wicked Problems, Commonwealth of Australia, 2007. Peter Shergold, former Cabinet Secretary, was instrumental in welcoming such work. Qv P.Shergold, "Lackeys, careerists, political stooges? Personal reflections on the current state of public service leadership," Australian Journal of Public Administration, 63 (4),December 2004.

[39] G Prins & R Salisbury, "Risk, threat and security: the case of the United Kingdom", RUSI Journal, 153 (1) Feb 2008, pp 22–27.

[40] This is, of course, the spring-board insight for F Hayek, The Constitution of Liberty, Routledge, 1960.

(or King's) Remembrancer has empanelled a jury of goldsmiths for the Trial of the Pyx to test the (physical) goodness of the currency independent of the Royal Mint. By analogy, such tests are now required for Government Strategic Assessment. How should this Assay be conducted, where placed and how supervised? These are not new questions.

EYES AND MINDS[41]
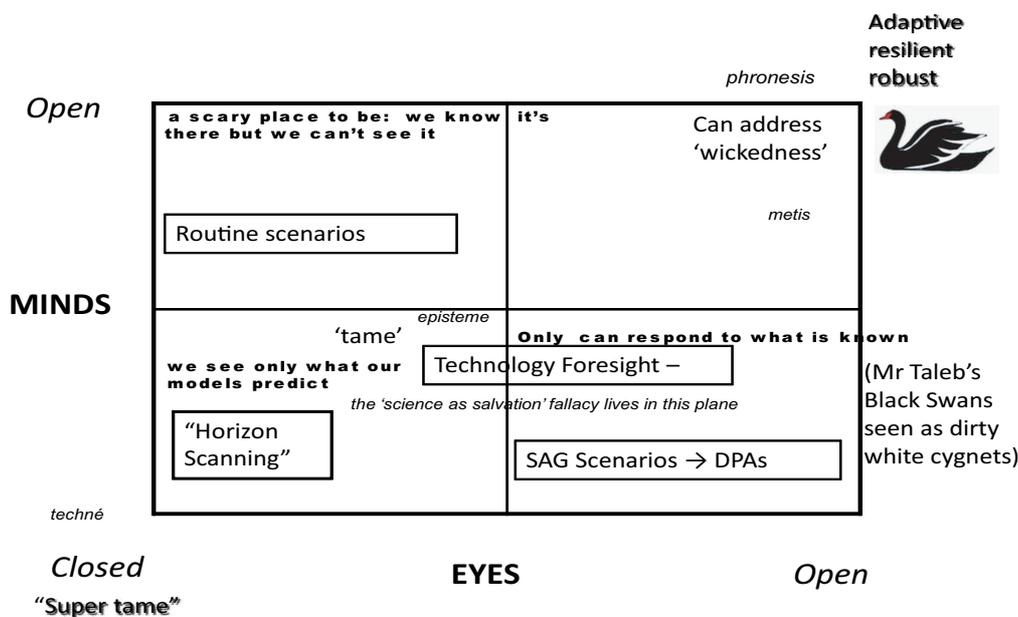
20. If established at arm's length from executive organs, there is the risk of its work being ignored. Such was the fate of Ivan Bloch, a founder of modern Operational Research and adviser to the Last Tsar, who funded his own laboratories and who predicted the nature of the Great War with terrible precision in the 1890s. He wrote in *The Future of War* (1898) that "...the nations may endeavour to prove that I am wrong, but you will see what will happen." We did. He was not.[42]

21. Therefore better be inside the belly of the whale. In 1904, the Prime Minister of the day, A.J.Balfour, established the Committee of Imperial Defence to combat the *ad hoc* nature of defence and security decision-making. The Committee was established at a level above that of the officials. Balfour's words when introducing the Committee in the Commons on 5 March 1903 are apposite in this case: The CID would "... survey as a whole the strategical needs [of the Empire], to deal with the complicated questions which are all essential elements in that general problem and to revise from time to time their previous decisions, so that the Cabinet shall always be informed ..." The great test of the CID method of strategic analysis came in 1933–35 and is recounted in my recent study, which also identifies the two vital lessons for our time, arising.[43]

22. Balfour's point was that political leadership is an art, not a science. The modern entrancement with "science as salvation" has been deeply disruptive. It is not necessary for Whitehall to control everything directly for strong and effective government to be possible. The truth of experience is in fact the reverse: attainment of the latter state always requires oversight and usually requires strict control of the executive and its agents; and there are proven ways in which technical expertise can be brought to bear alongside democratic control.

23. After a period of excessive executive power and commensurate enfeeblement of Parliament, oversight of the new assessment unit should therefore properly be under primarily Parliamentary rather than Executive control. Therefore, the Parliamentary Commissioner for Strategic Analysis (PCSA) might be modelled closely upon that of the existing and highly effective Parliamentary Commissi0ner for Administration (PCA) and her staff. The following description refers to the PCA's original brief before it was extended to embrace Heath Service matters also.

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[41] This diagram is taken from joint and on-going work with several state and non-state parties by Dr Lorraine Dodd, Professor Gwyn Prins and Professor Gillian Stamp to develop and trial techniques for staged appreciation of strategic options in a "wicked" world 2007. It, in turn, exploits the results of an extensive programme of development by experimentation to trial a Strategic Assessment Method for MoD led by Professor Prins as Visiting Senior Fellow to DERA, 1997–002. Elements of SAM became operational successfully, including in classified contexts, before losing momentum in the break-up of DERA. S Davies & M Purvis, "SAM combined progress and validation report (U)" DERA/CDA/HLS/ 990148/2.0, March 2000.

[42] (eds) G Prins & HTromp, The Future of War, Kluwer Law International, 2000 (papers arising from the centenary conference of the first Hague Peace Conference of 1899, held in St Petersburg in 1999), see pp 19–58 for Bloch's uncanny predictions of the physical nature of the Great War.

[43] Prins, The British Way ... pp 7–11.

24. Established in 1967, the PCA is a servant of Parliament with the privileges of an officer of the House and appointed by the Queen under Letters Patent. The office is modelled on that of Comptroller and Auditor General which provided precedent for an outside authority to carry out investigations within government departments. However, the powers of the PCA are greater. They are the same as the High Court with respect to attendance, examination of witnesses and production of documents. Wilful obstruction of the PCA or her staff is punishable as contempt of court. Her reports on investigations are privileged and she reports to a Select Committee.

25. Indeed, just as I hope may be the case for work—especially for controversial work—from the PCSA, PCA reports can end up in debate on the floor of the House. Both her occupational pensions report and that on civilian internees of the Japanese during the Second World War ("A Debt of Honour?") were so debated, for both were Section 10(3) reports under the Parliamentary Commissioner Act—meaning that the Government did not accept them. It was noteworthy that in answer to the Chairman's questioning on the scope of her office, in her testimony before PASC on Tuesday 29 November 2011, it was to the "Debt of Honour" report that Ms Abraham chose to refer.

26. There have only been four such Section 10(3) reports since 1967, two occurring since 1997. Of course the consequences of the defiance of her findings on the prudential regulation of Equitable Life by the previous government (a Section 10(4) report) are instructive also, and constitutionally encouraging for this model. The First Report of the Select Committee on the PCA, 1990–91, observed that the PCA had established himself as, "an invaluable aid to the individual and a constructive critic of the executive" and as, "part of the fabric of the United Kingdom's unwritten constitution". So this is a good and operative example which can offer a proven template for the new strategic assessment functions here recommended.

27. The product of the new Commissioner's office would become a vital part of assuring the product of the National Security Council. Passing quality assurance by the PCSA ought to be mandatory for all NSC output and would therefore help support the emergent role of that body in ways which could help ensure that never again does the country fall victim to so poorly conceived and executed a review of the nation's defence and security as ambushed us in 2010.

December 2011

Written evidence submitted by FDSD (ST 16)

A. Introduction and Summary

A.1 The Foundation for Democracy and Sustainable Development is a UK-based think-tank which works to find ways to equip democracy to deliver sustainable development. Alongside our general work to strengthen understanding on the relationship between democracy and sustainable development, we are currently focusing on two areas: (a) the possible impact of climate change on democracy (and vice versa); and (b) ways to bring long-termism and regard for the needs of future generations into the heart of policy processes and democracy in the UK and beyond.

A.2 Our submission draws (in part only) on a November 2010 submission (jointly with WWF-UK and Barrister Peter Roderick) to the Environmental Audit Committee's Inquiry into Embedding Sustainable Development Across Government, and a later submission to its August 2011 Inquiry into preparations for the 2012 UN Conference on Sustainable Development.

A.3 We focus in this submission on two issues: strategic capacity relating to sustainable development; and the strategic and associated institutional arrangements for delivering long-termism (in effect questions 1, 2 and 6 in the Committee's *Issues and Questions* paper). We address the latter because political systems in the UK need actively to be equipped to overcome the short-termism of electoral cycles and to have regard to the needs of future generations if they are to be properly equipped to deliver sustainable development. Development of strong strategic capacity within Whitehall is a key element of such an effort. We focus on analysing public announcements and external evidence of the way in which the Government is approaching the strategic challenge of sustainable development.

A.4 There are signs that:
- (a) Sustainable development is taken insufficiently seriously as a political or strategic imperative.
- (b) Overarching strategic capacity on sustainable development across Whitehall is sub-optimal.
- (c) A political commitment on the part of the Coalition government to end political short-termism does not appear matched by a strategic architecture capable consistently of delivering long-termism aligned with sustainable development.

B. *What is sustainable development?*

B.1 Sustainable development is most commonly defined in terms set out in the report of the 1987 World Commission on Environment and Development as "*development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*" (World Commission on Environment and Development, *Our Common Future*, 1987, Oxford University Press, Oxford). At global level, the concept

has evolved in particular through the 1992 UN Conference on Environment and Development and the 2002 World Summit on Sustainable Development. Preparations are now well under way for the 2012 UN Conference on Sustainable Development (dubbed "Rio + 20").

B.2 Sustainable development is both a social and a political concept. Its core idea is that human activity and decision-making needs to take account of environmental, social and environmental issues in an integrated way. The idea of sustainable development spans some of the most pressing "wicked problems" facing societies around the world; including poverty reduction, demographic change, mitigation of and adaptation to climate change, sustainable management of natural resources, and intergenerational fairness. It is quintessentially among the areas that demand of the UK an ability to "act as an effective international actor in an uncertain world", as the Committee's Issues and Questions paper puts it.

B.3 Sustainable development is both a *process* and a *goal*. However, the term "sustainability" is often used in preference to "sustainable development" in order to distinguish between the process and the end goal of "sustainable development".

B.4 Sustainable development is *not* predominantly an environmental concept. On the contrary, it is inherently about integrating environmental, social and economic issues. Challenges such as climate change, for example, frequently characterised as the preserve of "environmentalists" are inherently *social* challenges in the broadest sense.

C. *The current strategic arrangements for sustainable development*

C.1 Sustainable development across Whitehall is driven from within DEFRA, the Department of Environment Food and Rural Affairs. In January 2011, the Environmental Audit Committee's (EAC) report on "Embedding Sustainable Development Across Government" warned that DEFRA *"is not the best place from which to drive improved sustainable development performance across Government"*. We agree. The EAC proposed that a Minister for Sustainable Development be appointed within the Cabinet Office to drive action on sustainable development across government, and with close support from Treasury. That proposal was not adopted by the government.

C.2 Sustainable development is inherently a cross-Whitehall policy commitment. In the UK, DEFRA is additionally responsible for "mainstreaming" sustainable development in other government departments. On 28 February 2011, DEFRA published a seven-page "Vision" document, in which the Department sets out its plans for "mainstreaming" sustainable development (see http://sd.defra.gov.uk/documents/mainstreaming-sustainable-development.pdf). The document asserts that departmental business plans *"demonstrate the importance given to long term SD by government as a whole"*. However, any *ex ante* mechanism for ensuring that business plans demonstrate awareness, let alone strategic integration of sustainable development, is weakened by the lack of a sustainable development strategy.

C.3 It appears that there is currently no coherent sustainable development strategy for the UK. The last sustainable development strategy, *Securing the future: delivering UK sustainable development strategy*, was published in 2005. (See http://www.defra.gov.uk/publications/files/pb10589-securing-the-future-050307.pdf). To the best of our knowledge, it has never been formally shelved. However, neither is it a reference point for the Coalition government. Voters and interested parties have to rely on speeches, press coverage, and a clutch of diverse policy papers, some of them applicable only to England, as a substitute for a dedicated UK sustainable development strategy.

C.4 The Environmental Audit Committee's report on "Embedding Sustainable Development Across Government" (See First Report of Session 2010–11, HC 504. See http://www.parliament.uk/business/committees/committees-a-z/commons-select/environmental-audit-committee/publications/) recommended that *"A new Sustainable Development Strategy should be developed to revitalise Government engagement on this essential foundation for all policy-making"* (Recommendation 13). In March 2011 the government's response to the report was released. In it, the government said:

> *"We do not agree that development of a new SD strategy is the right method for revitalising Government engagement on SD. The Government's new SD vision and approach to fully embed SD throughout Government sets out our high level principles and strategy for the future. Our new approach has an emphasis on action, leadership from the top down and departments taking responsibility for their own performance in relation to SD. All of this is underpinned by our commitment to be open and transparent so that both public and parliament can scrutinise our progress".*

(See http://www.publications.parliament.uk/pa/cm201011/cmselect/cmenvaud/writev/esd/response.htm)

C.5 DEFRA's Departmental Business Plan (most recently updated in May 2011: operational rather than strategic in nature) commits the Department to work with Cabinet Office to: *"promote mainstreaming of sustainable development in Departmental Business Plans, including by: informing quarterly reviews of Business Plans; establishing a process to inform the annual refresh of Business Plans"* (See http://www.number10.gov.uk/wp-content/uploads/DEFRA-Business-Plan1.pdf). It is unclear whether this process is sufficiently prospective to allow DEFRA to provide meaningful leadership, or what sustainable development-related strategic architecture it is based on.

C.6 The Environmental Audit Committee's report on *embedding sustainable development across government* recommended a new Cabinet Committee with terms of reference addressing sustainable development. DEFRA Secretary of State Caroline Spelman sits on the Home Affairs, Economic Affairs and Reducing Regulation Cabinet committees to ensure that agreed policies are consistent with the Government's vision for sustainable development.
(See http://sd.defra.gov.uk/2011/09/mainstreaming-sustainable-development-our-progress-so-far/) That is positive; but there is no dedicated sustainable development Cabinet Committee.

C.7 Between 2000 and March 2011, the Sustainable Development Commission (SDC) acted as an independent watchdog and adviser on sustainable development to the government. In form, the SDC was an (independent) executive non-departmental public body (NDPB) and a company limited by guarantee. DEFRA announced withdrawal of funding from the SDC in July 2010, and the UK Sustainable Development Commission ceased to operate at the end of March 2011. An important part of the overall UK enabling environment for strategic decision-making on sustainable development: access to the external scrutiny, advice, and expertise provided by the SDC, was thereby removed. There has been no effective replacement.

C.8 In relation to scrutiny of government action on sustainable development, DEFRA's Vision document says that "[t]he Environmental Audit Committee will play a role in holding Government to account with a renewed commitment to scrutinise the appraisal of Government's policies and our new overall approach". Yet the Environmental Audit Committee's report said clearly that it *"is not for Government.. to determine how Parliament might exercise its role of holding Government to account. We are not currently resourced to carry out the routine scrutiny work of the SDC and continue our separate role in scrutinising the Government's sustainability performance"*. *The lack of a written sustainable development strategy, linked to capacity gaps in routine scrutiny, is a matter for grave concern.*

C.9 Even if it were technically possible to "mainstream" sustainable development without a full written sustainable development strategy, it would reduce public transparency of the strategy process and associated choices; thereby replacing systematic scrutiny with ad hoc judgments.

C.10 *The lack of a clear sustainable development strategy has furthermore provided space for approaches to sustainable development that have tended to prioritise economic growth* rather than a balanced and integrated approach across economy, environment and society. For example, in the draft National Planning Policy Framework
(http://www.communities.gov.uk/documents/planningandbuilding/pdf/1951811.pdf)
published earlier this year, a "presumption in favour of sustainable development" is defined as a presumption in favour of development and growth:

> *"A new presumption in favour of sustainable development*
> *This is a powerful new principle underpinning the planning system that will help to ensure that the default answer to development and growth is "yes" rather than "no", except where this would clearly compromise the key sustainable development principles in national planning policy, including protecting the Green Belt and Areas of Outstanding Natural Beauty. The presumption will give developers, communities and investors greater certainty about the types of applications that are likely to be approved, and will help to speed up the planning process and encourage growth…"*

C.11 In another example of imbalance that does not conform with widespread understanding of the principle of *integration* inherent within sustainable development, the government's Red Tape Challenge, launched in April 2011, invites comments on *"which regulations are working and which are not; what should be scrapped, what should be saved and what should be simplified"*. 278 environmental laws and regulations are included in the exercise. The Red Tape Challenge website says: *"here's the most important bit—the default presumption will be that burdensome regulations will go. If Ministers want to keep them, they have to make a very good case for them to stay"*. (See http://www.redtapechallenge.cabinetoffice.gov.uk/about/). This basic presumption (without any further explanation of what constitutes a "burden" or by whom a regulation must be considered "burdensome" in order to invoke the presumption) has remained in place throughout, despite assurances that the government remains committed to being the "greenest ever".

C.12 It is for Government to choose its policy approach; but in an area as important to the future of the nation (indeed the world) as sustainable development, it should do so on the basis of a strategy, clearly and publicly stated so as to permit accountability to the electorate.

C.13 More recently, in his November 2011 Autumn statement, George Osborne argued that *"if we burden [British business] with endless social and environmental goals—however worthy in their own right—then not only will we not achieve those goals, but the businesses will fail, jobs will be lost, and our country will be poorer"*.
(http://www.telegraph.co.uk/finance/budget/8923191/Autumn-Statement-2011-George-Osbornes-speech.html).
The underlying sentiment might be contrasted with the statement in DEFRA's business plan that *"the Coalition is committed to being the Greenest government ever"* (http://www.number10.gov.uk/wp-content/uploads/DEFRA-Business-Plan1.pdf). More than simply indications that policy-making in Coalition is difficult, *these differences provide proxy indicators of poor strategic architecture on sustainable development.*

D. *The challenge of long-termism*

D.1 At the political level, sustainable development invites governments to develop a strategic capacity to deliver human needs, not only now but also for the long term. *Political short-termism (one of the potential side-effects of a failure of strategic capacity) threatens progress on sustainable development.*

D.2 Taking the environmental and social challenge of climate change as an example; a challenge which demands responses that are aligned with the notion of sustainable development:

— climate impacts are displaced considerably in space and time;

— climate impacts extend far beyond current electoral timetables;

— climate action can be portrayed as a threat to economic growth, and national economic indicators and public opinion of "success" in government are often tied to economic growth;

— many (if not most) people affected by climate change have no direct voice in any individual nation where greenhouse gas-intensive human activities that give rise to climate change take place;

— the sunk costs in carbon-intensive industries and infrastructures are considerable, which presents major challenges for the transition a low-carbon economy;

— effective political action on climate change demands that cross-party policy alignment be sustained over many successive government terms.

D.3 *Sustainable development demands that governments develop a strategic capacity to take account of "the long view"*: to act on challenges such as natural resource scarcity or management of demographic change that call for coordination across successive government terms.

D.4 For example, high fuel and food prices are closely linked to factors including population growth, natural resource scarcity, and access to dwindling fossil fuels. These are in themselves major long-term strategic challenges for government. However at the same time, high fuel and food prices generate major short-term political pressures because they result in immediate hardship for the most vulnerable people and voters. Responding to such pressures demands well-developed strategic capacity, and a sophisticated ability to balance long-term needs against short-term pressures.

D.5 In a September 2010 speech, Deputy Prime Minister Nick Clegg announced that one of the two animating purposes of the Coalition government (along with decentralisation and the Big Society) would be a "horizon shift": governance for the long-term; and therefore an end to political short-termism. (See http://www.libdems.org.uk/news_detail.aspx?title=Nick_Clegg_speech%3A_Horizon_shift&pPK= f8f7b543-d586–40e2-b4c9-e7be68970bf3)

D.6 The commitment to a "horizon shift" is welcome from a sustainable development perspective. However, given the multiple short-term pressures to which governments are subject—exacerbated by electoral cycles— it is highly unlikely that rhetoric alone could provide a basis for the kind of lasting transformation in political culture that would be indicated by a real "horizon shift". The foundations of any meaningful "horizon shift" would lie in part in skills and understanding and in peoples' belief, commitment and engagement. But they also demand an institutional commitment and a high level strategic capacity linked to transparent processes, public participation and accountability.

D.7 *It is striking that the Coalition government has not put in place institutional arrangements to guarantee implementation of a "horizon shift".* We draw Committee members' attention to the Coalition government's frequent appeal to the needs of future generations or "the long term" when justifying controversial policy decisions. These have, in recent months, included cuts in police budget; increases in tuition fees; and the proposed "presumption in favour of sustainable development" within the National Planning Policy Framework that is defined as a presumption in favour of development. *Without a strategic capacity and institutional spaces in which to evaluate and debate publicly the competing needs of the long term or future generations; let alone a time horizon for determining* which *future generation(s) or* which *needs, the risk is a result that amounts simply to political advocacy of unpopular policy choices.* Strategic capacity needs to be linked to transparent policy processes and engagement of the wider population.

D.8 It appears that the overall approach through which a commitment to "horizon shift" has been implemented is heavily weighted in favour of prioritising the long-term need for debt reduction. Other long-term needs have been subsumed to economic growth. This is necessarily an impressionistic conclusion, however, since *there is no publicly available "horizon shift" strategy beyond the evidence provided by political rhetoric.*

D.9 We draw the Committee's attention to a recent Ipsos MORI poll, carried out in November 2011. *More than two thirds (67%) of those polled believed that the UK Government considers future generations too little in decisions it makes today, and nearly half of those interviewed (45%) think passing on a healthy planet to future generations is more important than any one of five given other options* including passing on a thriving economy (9%), safety and security (16%) or an unspoilt countryside (4%). (See further http://www.fdsd.org/ wordpress/wp-content/uploads/british-public-opinion-on-future-generations.pdf).

D.10 The UK Foresight Programme exists to *"help government think systematically about the future"* (See http://www.bis.gov.uk/foresight). However impressive its work and its research reports, much more is needed to deliver the overall strategic architecture for "horizon shift". We draw the Committee's attention, for example, to some of the mechanisms that exist in other countries. In Finland, parliament's Committee for the Future is charged with carrying on an "active and initiative-generating dialogue with the Government on major future problems and means of solving them". Around the world, well over a dozen constitutions refer to "future generations" (See http://www.fdsd.org/wordpress/wp-content/uploads/Taking-the-longer-view-December-2010.pdf). Hungary's Parliament has appointed a "Parliamentary Commissioner for Future Generations", to safeguard the constitutional right of Hungarian citizens to a healthy environment (See further http://www.jno.hu/en/).

D.11 We hope that this submission supports our case that there is a significant outstanding need to address the integration of sustainable development into Whitehall in a strategic and long-term manner. Please do not hesitate to contact us should you require further information about any of the points raised in this submission.

December 2011

Written evidence submitted by RAND Europe (ST 17)

SUMMARY

— The capacity for strategic thinking in Whitehall has grown enormously over the past decade. However, there remains a significant gap between the skills and experience of individuals and the organizational culture and practice of Whitehall.

— Gathering and using evidence is not a discrete phase in strategy making. Evidence is fundamental to the formulation, development and evaluation of strategy. Departments and agencies still do not invest enough time, effort and resources in developing evidence.

— Given the complexity of policy issues, and the uncertainty of the future it is more important than ever for government departments to invest in imaginative ways of policy making and strategic thinking.

INTRODUCTION

1. The central argument in the Public Administration Select Committee's (PASC) first report Who does UK National Strategy? is that the UK does not have a "grand strategy" and this is for a number of reasons not least, the lack of capacity for strategic thinking in Government. This belief is predicated on a series of statements given by witnesses, the majority of whom come from the defence community or are academics who have studied grand strategy.

2. On balance the capacity for strategic thinking in Whitehall has grown enormously in the past decade. Officials are now better prepared to manage complex issues, more likely to have had the opportunity to have had a posting in one of the many Strategy Units located in Whitehall Departments and developed their own abilities through learning and development courses run by the public and private sector.

3. The complexity of issues have also forced policymakers to look outside of Whitehall for answers, while the implementation of most strategies has required the public, private and voluntary sectors to work in unison.

4. The disconnect between policy and strategy,[44] it is suggested, remains two-fold. The first is the tension between the short term political agenda of Westminster and the belief by Whitehall that policy should be allowed to develop in the long-term. The second is the need for governments to be agile in the face of a changing environment but provide long term stability.

5. This argument owes more to various myths about strategy circulating in the corridors of Whitehall and Westminster than real analysis. Three of these myths are central to the current disquiet surrounding UK National Strategy:

— There must be broad consensus for a strategy to exist. Peter Feaver[45] neatly sums up the confusion surrounding debates about grand or national strategies today by arguing that most major strategies play host to numerous sub-strategic debates. We exaggerate the strategic consensus from the past and the wider strategic disagreements of today. This is true of many governments and organizations which have been inclined to describe their own age as uncertain and turbulent, and dismiss the previous one as stable (the same one their predecessors found uncertain and turbulent).[46]

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[44] While there is no single, clear definition of strategy, for the purposes of this paper we take "strategy" to describe the art of choosing between a set of priorities that are (a) time sensitive (b) based on incomplete information (c) require the management of limited resources to achieve a stated aim and (d) a theory of success.

[45] Feaver. P, 8 Myths about American Grand Strategy, Shadow Government Blog, Foreign Policy http://shadow.foreignpolicy.com/posts/2011/11/23/8_myths_about_american_grand_strategy.

[46] Mintzberg.H, The Rise and Fall of Strategic Planning, Prentice Hall Europe, 1994.

— A strategy is only about the future strategic environment. Most strategies tend to focus on past events and how best to avoid them from happening again. So while a strategy will set out an aim and a future direction of travel the starting point for most grand strategy is backwards-looking. This can be seen in most of the Government's current strategies which describes the "previous" security environment and therefore what the Government is trying to avoid. The Strategic Defence Review (SDR) is an excellent example of this—only hinting at the security priorities of the future while focusing mainly on what the end of the Cold War meant for UK Defence.

— Only major shifts in strategy matter. There is more continuity that change between the Coalition Government and its predecessors. As Feaver suggests, "As you move up the ladder…the higher the level, the more this is true. But over-time the small changes can be significant, like a 1-degree shift in the vector of an aircraft carrier over a 1000 mile voyage".[47]

6. This discussion paper presents some views on Government policy and the capacity for strategic thinking in Whitehall. It is not intended to be comprehensive, rather, it seeks to respond to three issues which have so far been understudied and have not been the subject of much discussion: uncertainty and the quest for control; evidence-based strategy making; and changes to the Whitehall system. The views expressed in this paper are those of the authors and should not be held to represent those of RAND Europe.

UNCERTAINTY, COMPLEXITY AND CONTROL

7. The overriding aim of the United Kingdom's National Security Strategy (UK NSS) is to create "A strong Britain in an age of uncertainty". In the foreword to the NSS, the Prime Minister and Deputy Prime Minister argue that:

Our predecessors grappled with the brutal certainties of the Cold War—with an existential danger that was clear and present, with Soviet armies arrayed across half of Europe and the constant threat of nuclear confrontation between the superpowers. Today, Britain faces a different and more complex range of threats from a myriad of sources…All of this calls for a radical transformation in the way we think about national security and organize ourselves to protect it. We are entering an age of uncertainty.[48]

8. As Henry Mintzberg, the management guru, explains: to claim that we are experiencing more turbulence would dissolve every bureaucracy and render every strategy useless. The environment is always changing in some dimension and remaining stable in others, rarely do they change all at once, let alone continuously.[49] In order to understand change and its implications for government strategy and the process of strategic thinking is crucial in helping policymakers and planners make choices.

9. Without a strategy change (in whatever form) can be destabilizing—not least because public and private sector organizations are exposed to a range of different variables requiring immediate attention as well as discussion about future opportunities and risks. The lack of a strategy—and indeed a process for thinking strategically—can lead to a sense of uncertainty.

10. This is particularly important when it comes to "wicked issues", issues that are unbounded by time, scope, and resources and enjoy no clear solution.[50] Most of the issues facing government today are no longer the responsibility of a single department. Rather they require a multitude of public, private and voluntary actors all of whom must agree to the overall approach, the strategy to implement the objectives and the will to succeed.

11. Tackling wicked issues demands a different approach to the traditional policymaking toolkit. Various models have been designed that move beyond simple risks assessments and instead allow for situations where decision makers have varying or incomplete knowledge of either potential futures or their probabilities, as well as those contexts in which policymakers operate from a position of deep ignorance—Rumsfeld's unknown unknowns—where neither is attainable.[51] Stirling's matrix emphasizes the importance of adaptability in the face of a lack of knowledge and advocates particular routes for strategy-making based on the context. One of these routes is scenario-planning.

12. Scenario planning examines the full range of possible futures and prepares for all likely eventualities. As the technologist Stewart Brand argues: "Scenario planning ensures that you are not always right about the future, but that you are almost never wrong".[52] It is best suited to situations in which we understand the possibilities, but not their likelihood of coming to pass. While there is limited evidence that "futures methods" lead to more robust strategic policy decisions, their merit lies in agenda setting, understanding uncertainty and stakeholder engagement.[53]

13. Futures research can be used directly and indirectly to support decision making. The various direct and indirect forms of decision support can be roughly grouped into six forms:

— stimulating wider debate about possible futures (indirect);

[47] Ibid.
[48] National Security Strategy, HM Government, October 2010, p 3.
[49] Mintzberg.H, *The Rise and Fall of Strategic Planning*, Prentice Hall Europe, 1994.
[50] For further work on wicked issues see Chapman et al, *Connecting the Dots*, Demos, April 2009.
[51] Stirling, A. "*Keep it complex*", Nature Vol. 468. December 2010, 1029–1031.
[52] Schwartz. P, The Art of the Long View: paths to strategic insight for yourself and your company, Currency Doubleday, 1996.
[53] Ling.T, Villalba van Dijk.L, (Eds) Performance Audit Handbook: Routes to effective evaluation, RAND Corporation, 2009.

— getting stakeholder buy-in or engagement (indirect);

— triggering cultural change within the organisation (indirect);

— clarifying the importance of an issue and framing a decision making agenda (direct);

— generating options for future action (direct); and

— appraising robustness of options for future action (direct).[54]

THE USE OF EVIDENCE

14. The PASC inquiry on "Governing the Future" in 2007 mentions the use of evidence in strategic thinking, suggesting: strategies should be kept under review so that they take account of new information and developments in research. Willingness to adjust policy in light of new evidence or changing circumstances should be seen as a sign of strength, not of weakness.[55] Evidence can take many forms. It can be based on the latest scientific enquiry or drawn from the very broadest sources with different methodologies and techniques being used at different stages. What is meant by "evidence-based" is complicated further by the fact that the impact of programmes and policies can be transient, changing over time, situation and context".[56]

15. For example the campaign assessment for NATO operations in Bosnia in the late 1990s incorporated grassroots indicators on the prices of major goods. They consisted of the number of television aerials in villages and the reduction in the price of women's underwear. The indicators were set by operational analysts supporting senior commanders in the field, who assessed them for relevance and appropriateness.[57]

16. Gathering and using evidence is not a discrete phase in strategy making. Rather it is a continuous process that informs every stage of the strategy making model. Evidence is fundamental to the formulation, development and evaluation of strategy. An example of the importance of an evidence base to help conceptualise an approach can be seen in the British Government's Building Stability Overseas Strategy. The strategy states that while some progress has been made, "the overall evidence base and conceptual foundations for engagement in fragile states remain patchy, underdeveloped and, in some areas, contested."[58]

17. Evidence is also a crucial part of the evaluation process. As the recent Prevent Strategy makes clear: "the monitoring and evaluation of Prevent projects has not been robust enough to justify the sums of public money spent on them. We will make sure that they are improved, and unless there is evidence that they are effective and of value for money, projects will lose their funding."[59]

18. Analysed correctly, evidence can: demonstrate what work's and just as importantly what doesn't; help avoid repeating predictable mistakes and can enable [individuals and organizations] to seize important opportunities to raise the quality of planning and implementation; and significantly it can reduce the current areas of risk, and help to anticipate and tackle potential failures or under-achievements more effectively.[60]

19. The enormity of the task should not be underestimated however. Most experts believe that the ability of policymakers to acquire all the relevant knowledge, understand their implications and the effects of existing programmes with confidence and perform both a comprehensive analysis of the issue and an evaluation given time constraints is simply not possible. As Ruttick suggests; "thus the choice set faced by managers is limited to incremental adjustments in current policy and practice and the most important factor in policy choice is usually reaching consensus on a particular alternative."[61] This approach was characterized by Charles Lindbolm in 1959 as "successive limited comparisons" or what has become known as "muddling through".

20. Furthermore policymaking and policy implementation takes place within the context of finite (and, in some policy areas, declining) resources—a reality facing most governments today. This means that policy making is not just a matter of "what works", but what works at what cost and with what outcomes (both positive and negative). This requires sound evidence not only of the cost of policies, programmes or projects, but also the cost-effectiveness, cost-benefit, and cost-utility of different courses of action.[62] While reports demonstrate that evidence-based policymaking in Whitehall have improved over the past decade the use of evidence in the national security domain remains mixed.[63] There are three main reasons for this.

21. *First*, a culture of secrecy has often prevented departments and agencies from commissioning research and analysis. This reluctance to develop an evidence base has had an impact on the ability of departments and agencies to develop long term, sustainable strategies. This has, over the past decade, changed as governments

[54] Ibid.

[55] Governing the future, Vol 1, Public Administration Select Committee, 22 February 2007.

[56] Puttick,. R, *Ten Steps to Transform the Use of Evidence*, NESTA, October 2011, http://www.nesta.org.uk/library/documents/ TenStepsBlog.pdf

[57] Van Stolk,C et al, Monitoring and evaluation in stabilisation interventions, RAND Corporation, 2011.

[58] Building Stability Overseas Strategy, HM Government, TSO, July 2011.

[59] *Prevent Strategy*, HM Government, TSO, June 2011.

[60] Clutterbuck et al, *Setting the Agenda for an Evidence-based Olympics*, RAND Corporation, 2007 http://www.rand.org/pubs/ technical_reports/TR516.html

[61] Puttick,. R, *Ten Steps to Transform the Use of Evidence*, NESTA, October 2011, http://www.nesta.org.uk/library/documents/ TenStepsBlog.pdf

[62] Davis.P, *Is Evidence-Based Government Possible? 4th Annual Campbell Collaboration Colloquium*, Washington DC, 19 February 2004 http://www.nationalschool.gov.uk/policyhub/downloads/JerryLeeLecture1202041.pdf

[63] For example see the Capability Review of the Foreign and Commonwealth Office, Cabinet Office, March 2007.

have become more open and transparent. Complex issues, as discussed earlier, involve a greater number of stakeholders in the formulation, implementation and evaluation of strategy and policymaking.

22. *Second*, so-called domestic government department have been more likely to collaborate with the private and voluntary sectors on a range of activities. This includes: policy analysis, research and development, policy and programme implementation and project evaluation. Collaboration of this kind has had a major impact on evidence-based policy. Much of this has been driven by greater transparency inside government as well as externally. Only in the last few years has Whitehall begun to collaborate on a systematic basis on national security issues—and much of this has been driven by the requirement for social sciences research and technology development in counter-terrorism.

23. *Third*, there has been at least the beginning of a major drive in Whitehall to evaluate policies and programmes and this has become more relevant with the global recession as programmes and projects have been cut in a bid to manage budgets.

24. *Evaluation requires evidence*: The primary purpose of Evaluation and Performance Management (EPM) is to strengthen accountability by making evidence available to allow citizens to understand what has been done in their name and with what consequences. The second, equally important purpose is to facilitate reflection and learning so that future public services might be better run and public activities focused more intelligently on public benefit.[64]

25. Given the complexity of policy issues, and the perceived uncertainty of the future it is more important than ever for government departments to invest in developing a comprehensive evidence base.

Progress in Policymaking and Effective Strategic Thinking

26. There are numerous examples of effective strategic thinking and behaviour in Whitehall. Departments have a range of networks, organisations and committees at their disposal. Whether departments use these networks and organisations effectively is beyond the scope of the paper. There are however some examples of effective strategic thinking and behaviour worth considering.

27. The Office for Security and Counter Terrorism (OSCT) was created in 2007. OSCT is unique in Whitehall because it exists to manage a pan-government strategy. While based in the Home Office, a large percentage of OSCT's staff are from Other Government Departments (OGDs), law enforcement and the intelligence agencies.

28. At the centre of OSCT's governance structure are the four Boards (Pursue, Prevent, Protect and Prepare). These Boards bring together the relevant departments and agencies together. Each Department and agency is, in theory, accountable to a Director (for example the Director of Protect) who oversees a set of objectives outlined in the CONTEST strategy.

29. The CONTEST strategy involves sixteen Departments of State, the three security and intelligence agencies, the Police Counter Terrorism Network and police forces across the UK. It also depends on the close collaboration with the Devolved Administrations.[65] Each Department of State sets out their CONTEST commitments in their business plans, while each of the four workstreams has a set of priority deliverables which are monitored on a monthly basis. No other Government in the last fifteen years has attempted to create a similar organization to tackle as complex an issue. The model should be replicated across Whitehall to tackle other complex issues which require a comprehensive response from the Government.

30. The second example is the introduction of the National Security Council (NSC). This has had an effect on the process of policymaking in Government. For a start departments are now bound into a process of weekly meetings on national security at Ministerial and senior official level. Discussions at NSC are short requiring clear and concise briefing and choices to be made. This has had a positive effect on strategic thinking in Whitehall, not least, because it requires departments to take a more systematic approach to working across departments and issues.

31. The main difference between the NSC system today and previous Cabinet Committees is that the creation of the NSC has locked Departments and Agencies into a formal process which requires Departments to shift its gaze towards the centre of government rather than simply focusing on its own affairs. This may seem insignificant but it has forced departments to respond by developing their own structures and processes internally to support the NSC. On one level this means the NSC sets the agenda, and departments must play to a central tune, ensuring (at least in theory) a more joined up approach to policymaking. In reality not all relevant Ministers attend the NSC on a regular basis, and many of the ad hoc committees reflect previous incarnations.

32. The NSC is a valuable addition to the Whitehall system of governance but for it to be a real success it must now assert its authority, through the National Security Adviser on departments. Instead of duplicating existing work in Whitehall Departments (a feature of the need to regularly brief No.10) it should focus more on where Departments are failing to grip issues, either because they do not have a clear owner, or there is no shared agreement on the appropriate course of action.

[64] Ling. T, & Villalba-van-Dijk. L, Performance Audit Handbook: Routes to effective evaluation, RAND, 2009.
[65] CONTEST: The United Kingdom's strategy for Countering Terrorism, HM Government, TSO, July 2011.

CONCLUSION AND IMPLICATIONS

33. The capacity for strategic thinking in Whitehall has grown enormously over the past decade. However, there remains a significant gap between the skills and experience of individuals and the organizational culture and practice of Whitehall. An essential ingredient of any strategy is evidence. However Departments and agencies still do not invest enough time, effort and resources in developing evidence. Given the complexity of policy issues, and the uncertainty of the future it is more important than ever for government departments to invest imaginative ways of policy making and strategic thinking.

34. Three questions are worth exploring further:

— Is strategy a discipline in government (like communications) or a key skill?

— Given the complexity of issues facing the Government should Whitehall Departments consider creating joint boards with the private and voluntary sectors?

— How can strategic thinking be aligned between different cultures inside government and with other stakeholders?

December 2011

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Written evidence submitted by Professor Andrew Kakabadse (ST 18)

I understand that PASC is still collecting evidence concerning strategic thinking and capability in government. I provide below the results of my global research study on the Strategic Capability of top private sector managers and also senior public servants. My database now stretches to many thousands of organisations in the private, public and third sectors spanning 21 countries. Despite differences of culture, religious tradition and national economic circumstances, very particular trends have emerged concerning strategic thinking, strategic design and effectiveness of implementation of strategy for both private and public sector organisations. In fact, three key areas of concern have emerged from this series of global studies.

STRATEGIC ALIGNMENT

In terms of defining strategic direction, approximately one third of the world's top teams are divided on the vision and mission of the organisation (see Appendix 1). In fact, from 20% of the top directors of the UKs National Health Service organisations to 56% of top public servants of the Australian Federal Government, these executives recognise that fundamental divisions exist within their top teams concerning the future, vision, mission, purpose and strategy to pursue on behalf of the organisation, yet do little. Commitments made are frequently broken by the members of the top team, leaving the organisation vulnerable to merger/takeover, inefficiency, a demotivated management and staff and ultimately the demise of the organisation. However, organisation demise is slow. Such a state of affairs can continue for an extensive period of time unless the leadership of the organisation decide to attend to the strategic tensions that exist in their enterprise. What makes improving the situation and realising strategic alignment difficult is the fact that each of the directors likely holds a well developed and logical view concerning the future but the range of views expressed clash with each other. So the challenge is how to align a spread of logically developed perspectives on strategy that unfortunately do not synthesise well.

DIALOGUE

Under circumstances of continued strategic tension at the top level of the organisation, the ability of the members of the top team to enter into meaningful dialogue becomes a vital consideration. My global strategic studies indicate that from 36% of French private sector executives through to 80% of top Chinese directors, senior managers find it difficult to raise "the uncomfortable issue" (see Appendix 2). In fact, all of the directors interviewed and questionnaired identified the issues that should be discussed but stated that these issues were too sensitive to air in the top team and so remained suppressed. Thus, concerns are continually neglected. Through inaction top managers knowingly allow the organisation to deteriorate fully aware of the consequences of so doing. The studies also indicate that top directors/senior public servants can see in detail the consequences of their lack of action 70 months into the future and still do nothing.

COMMUNICATION WITHIN ORGANISATIONS

These global studies further identify that winning the trust of the senior general management population (ie just below the top team/senior public servant population underneath the Permanent Secretary) is also a process fraught with tension (see Appendix 3). On a number of dimensions, such as the ability to communicate consistently, build trust, display Cabinet responsibility and be a credible strategic thinker in the eyes of the senior general management population, most top directors rated themselves as high in these above areas. In contrast, those general managers tasked with implementing strategy considerably under rate their bosses. The implication is that strategy is poorly implemented.

OVERVIEW

As indicated damaging organisational tension continues for many years into the future. My studies clearly show that private sector organisations do not immediately go bankrupt due to poor strategic design and ineffective implementation. The organisation "soldiers on" but eventually collapses or is taken over by a predator. In the public sector the same occurs but without corporate takeover. The result is poor service delivery becomes a cultural norm. It is under these circumstances that public sector bodies tend to be unduly manipulated by private outsource providers who offer poor service but charge high fees continually.

My global studies clearly point to the need for serious consideration to be given to Engagement and Alignment. The studies pinpoint to the fact that high performing organisations adopt their own approach to realising effective Engagement and Alignment by uniquely positioning themselves to fully exploit the strengths and capabilities of the enterprise. How can the national interest be best defined?—is a vital question which needs to be examined in relation to past performance, failures and successes, in order to fully understand how the organisation pursues strategy and should pursue strategy. In order to more effectively design and implement strategy it is important to raise those sensitive issues from the past that have remained unaddressed and hamper the development of a national (or for that matter corporate) strategy. There is no short cut to streamlining strategic design and implementation other than to surface the blockages, constraints, tensions and silo mentality in the organisation and the reasons why such problems exist. Penetrating deep conversation is the way to find appropriate ways forward. It is for these reasons that latest thinking on strategy focuses on the concept of Emergent Strategy, as opposed to clearly defined but somewhat inflexible strategic planning. The reason emergent strategy is given such attention is partly due to the need to be flexible and continuously responsive to a dynamic and constantly changing environment, but also partly because internal organisational tensions need to be worked through and resolved. Through sensitive leadership of the processes of Engagement and Alignment, strategy is shown to be responsive to external and internal challenges and in so doing focus the organisation to realise its aims and objectives.

Interestingly, only about 33% of the world's private and public sector entities evolve "strategy that works". The fundamental reason for this is that what is required is a robust and yet sensitive leadership that attends to the tensions and difficulties that previously remained unresolved.

January 2012

Strategic Alignment

Visioning – Top Team

- 20% NHS Top Team
- 21% NHS Board
- 20% Sweden
- 23% Japan
- 25% Finland
- 30% U.K.
- 31% Austria

- 32% Germany
- 33% China
- 39% France
- 39% USA
- 40% Spain
- 42% Hong Kong
- 48% Ireland
- 56% Autralian Public Service

Recognise fundamental divisions exist within their top team concerning the future

Appendix 1

Strategic Alignment

Dialogue – Top Team

- 36% France
- 47% Uk
- 49% Finland
- 50% Sweden
- 58% Hong Kong
- 61% Germany
- 62% USA

- 63% Spain
- 66% AustralianPublic Service
- 67% Austria
- 68% Ireland
- 66% NHS Board
- 70% NHS Top Team
- 77% Japan
- 80% China

Beleive there are issues which should be discussed but are too sensitive to be discussed in the top team and are NOT

Communication

General Managers Rating their Bosses

	Japan		U.K.		France		Ireland		Germany		Sweden		Spain		Austria		Hong Kong		US	
	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM
Easy to talk to	82	62	73	65	80	76	87		78		84	83	75	77	80	64	80		78	65
Not easy to talk to								41		54								56		
Discuss sensitive issues	69		66		71		52		68	63	66		44		60		67		62	
Address safe issues		47		44		47		60				42		61		51		40		58
Understanding	78	61	68		61		52		41		63		53		58		53		60	
Not understanding				70		48		67		68		48		61		51		66		48

Top – Top Management   GM – General Managers

Communication (continued)

General Managers Rating their Bosses

	Japan		U.K.		France		Ireland		Germany		Sweden		Spain		Austria		Hong Kong		US	
	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM
Trust each other	73	61	65		66		61		75		71	66	58		63		71		63	
Not trust each other				68		48		67		69				51		57		72		51
Implement decisions made in top team	89	76	72		74	64	91		83	64	79	73	70	69	65		78		78	60
Implement decisions that personally suit				44				50								41		50		
Address long and short term issues	75	62	54		58		61		68		56		61		62		64	67	73	60
Address short term issues				58		48		66		42		50		60		49				

Top – Top Management   GM – General Managers

Appendix 3

Written evidence submitted by DefenceSynergia (ST 19)

RATIONALE FOR A UNITED KINGDOM DEFENCE INDUSTRIAL STRATEGY

INTRODUCTION

1. It has been cogently argued by the Chair of the Public Administration Select Committee (PASC), The Hon Bernard Jenkin MP, that Her Majesty's Government (HMG) does not have an articulated Grand Strategy for the UK. Although the Prime Minister has been forward looking and energetic in setting-up the National Security Council (NSC) there is little evidence of a cohesive "overarching" strategic policy to inform principle business plans across the departmental divide and it is difficult to discern in current government structure a single individual or organisation responsible for formulating a cohesive UK Grand Strategy. Indeed, in evidence to the House of Commons Defence Select Committee, the Rt Hon Oliver Letwin MP, Minister of State for Policy in the Cabinet Office, indicated that his role was one of coordination between departments. Which leaves open the question, if not the Minister of State for Policy in the Cabinet Office, who, in government is responsible for formulating and setting UK Grand Strategy? In the important high profile area of government financial policy it would be good to know because several departments of state and the UK commercial sector would benefit from a cohesive approach.

BACKGROUND

2. The UK is in the process of restoring its finances following the banking crisis which, some argue, along with excessive public spending, precipitated a major recession and burdened the economy with an unsustainable level of structural debt. In these circumstances the Coalition Government has rightly accorded the tackling of this debt crisis top priority. To achieve this, it is the stated policy of the Government to rebalance the economy away from the public and service to private sector using a manufacturing and export led recovery strategy to spearhead industrial growth. This policy makes economic sense, especially as it is essential to keep unemployment as low as possible in order to prevent welfare payments spiralling out of control thereby consuming tax receipts that could be better spent elsewhere stimulating growth. The positive economic multiplier effects of steady growth in GDP being accepted by most mainstream economists—national wealth and overall tax revenues rise and the need to borrow is offset providing the conditions for stable low interest rates to be maintained at levels that do not add excessively to the debt repayment burden.

3. One of the major contributors towards this aspiration for an export led growth strategy is the UK defence industry. For example, BGC Partners reported in September 2011 on the latest survey from the UK's principle aerospace, defence and security trade organisation, A/D/S, which showed that employment in their area of UK

defence generates around £22 billion in annual revenues for the nation directly employing more than 110,000 people. They went on to say: "Defence manufacturing is a hugely important business for the United Kingdom and it is something that despite the surge in growth of service industries over the past twenty years that we are still very good at. In fact we are the second largest exporter of defence equipment in the world and "Oxford Economics" estimates that including all those indirectly employed in the industry the total number defence related jobs total 314,000". In 2010–11 defence business added a massive £35 billion of economic value to the UK as "high-tech" manufacturers, supported by supply chain industries, exported 22% of output—in 2006 this represented some £4.7bn out of a total turnover of £21.9bn—making the defence industrial complex 10th in a league table of 27 major UK exporting areas. However, viewed from the perspective of the past decade of limited funding for defence—as opposed to some very kind years for budgets like education and health—the position of UK defence manufacturing could have been much healthier.

4. Indeed, the Chairman of ADS made the following comments at the end of his response to a 2010 speech by the S of S for Defence. He said this: "Although defence should contribute to solving the current financial difficulties, Dr Fox would be justified in looking around the Cabinet table to challenge other departments to match the contribution to budget savings that defence has already made over the last two decades. Defence spending is half the percentage of Government spending and of GDP that it was twenty years ago. Other departments, where budgets have grown substantially over the same period, should be challenged in the same manner before more is asked of defence given that the demands on our Armed Forces exceed what was originally planned within the current budget".

Main Discussion

5. The first priority of Government is defence of the realm and the instrument through which this policy is primarily guaranteed is the Armed Forces. It is accepted that the size. structure and composition of these forces will always be constrained by the available finance. However, this restriction can, has and must remain flexible in the face of Global uncertainties, most especially when the security and independence of the nation are directly threatened. What is less well articulated is the essential symbiotic role that British manufacturing plays in defending British strategic interests by ensuring domestic prosperity and international security. The production of UK patented Defence inventions, platforms and systems is the foundation of the strength and reputation of UK Defence industry and that reputation, hard won over the years, is in jeopardy through shrinkage of resources.

6. In a speech to the Royal United Services Institute (RUSI) on 9 December 2011, Philip Hammond, the Secretary of State for Defence (S of S) said "... that is why it is my firm belief that when the Government asks our Armed Forces to put themselves in danger in pursuit of our national security, it is our duty to make sure they have the proper support and the best tools we can give them to do the job. In Defence, we now have a clear programme to deliver on this pledge. Our future Defence will be secured by the partnerships we make and the platforms we invest in". In other contemporary statements the S of S and Chief of the Defence Staff (CDS) have been quoted as saying, quite rightly, that sound government finances are a national strategic priority. The question is, how, in financially straightened times, to pay for the personnel and equipment identified by the S of S and as priorities in the Strategic Security and Defence Review (SDSR) and National Security Strategy (NSS)? The answer, often too hastily expressed by government sources, is "we would like to bolster defence but just can't in the current financial climate". So it would be helpful if the Government were to examine all options most especially those that offer strategic benefit to the country as a whole.

7. One such strategic partnership suggested by "Oxford Economics" postulates that an industrial/defence strategy that strengthens defence and commerce whilst at the same time providing impetus to assist the economy to recover should be considered by HMG. Albeit anathema to HM Treasury to increase spending in support of defence budget projects thereby stimulating other commercial areas in the UK. In fact when "Oxford Economics" collated the available data in respect of all UK's major commercial and industrial areas they concluded that defence ranked third out of 27 in the UK behind publishing and machine tool manufacture. This is what "Oxford Economics" said: "The outcome...is that the strongest economic case (excluding capacity considerations) for increasing Government investment in order to stimulate the economy can be made for the publishing, machine tools and defence sectors, as these sectors have the three lowest average rankings. However, once capacity is taken into account, the case for supporting the defence sector is strengthened, as it has greater spare capacity than the other sectors.

8. These references to "Economic Stimulus" and "Capacity" are surely the crux of the issue as an industrial led economic recovery must, in part, provide short term returns for Government investment. In the case of the UK, Confederation of British Industry and EUROSTAT surveys on industrial trends confirm that the defence industries are running below capacity, the irregular nature of demand in the defence sector accustoming it to increasing production rapidly in order to meet client procurement targets. This assessment was confirmed in the "Oxford Economics" study which indicates that of the eleven sectors for which capacity data were available, the defence sector ranked third in the UK for spare capacity to allow for rapid expansion. Therefore, for UK, extra investment driven by the potential for rapid expansion would be the key to producing short term but sustainable growth in the economy, not least by increasing "skilled and semi-skilled" employment opportunities for directly and indirectly employed labour. "Oxford Economics" calculate that for every job directly created in the defence sector 1.6 jobs are created elsewhere and that for every £1 spent £2.7 accrue throughout the

economy. All of which can fuel a virtuous economic circle as multipliers kick-in through reduced welfare payments and increased tax revenues from incomes, corporate taxation and boosted exports.

9. However, it is recognised that HMG must target and prioritise its limited financial resources in such a way that the burden of borrowing is kept within strictly defined fiscal limits. Therefore, spending to create growth in the economy—harvesting the proceeds of increased GDP—must be targeted at those industries identified by "Oxford Economics" with the best potential to realise short and medium term returns on investment. And, to be realistic, if borrowing is to be avoided, this entails the Treasury revisiting its collective spending priorities with a view to rebalancing spending between the less productive "cash consuming" areas of state in favour of those areas of state spending that support the "cash generating" sectors of the economy. The top 10 of these industries, according to an "Oxford Economics" report from 2009 are, in order of size by total turnover: Motor Vehicles employing 272,000 workers—Construction employing 2,356,000 workers—Pharmaceuticals employing 129,000 workers—Telecommunication employing 270,000 workers—Banking and Finance employing 559,000 workers—Manufacture of steel employing 106,000 workers—Manufacture of electrical components employing 50,000 workers—Manufacture of machine tools employing 30,000 workers—Manufacture of apparel employing 53,000 workers—and Defence directly employing 160,000 workers (another 145,000 in related defence supply chain activity). In 2006 only Pharmaceuticals on the list above invested more in R&D than the defence industries (£7.42 billion versus £2.39 billion) and only Motor Vehicles, Banking, Pharmaceuticals and Steel exports exceeded those of the defence industries (£22.10 billion, £18.38 billion, £14.59 billion, £12.64 billion and £4.70 respectively).

10. The "Oxford Economics" study does not specify what the negative effects on the economy and defence industries might be if the decision of the Treasury were to reduce MOD's ability to invest in and sustain its current level of contract activity. However, we do not need to speculate too much. Evidence is already emerging that a loss of confidence is leading to redundancies, a reduction in R&D expenditure, erosion of reputation and the inexorable decline of areas of manufacturing and innovation as demonstrated by the case of BAE Systems Brough. The decision to scrap Harrier and move Hawk production overseas has caused a recessionary chain reaction in an area already acknowledged to be socially depressed. [No doubt similar issues will affect BAES Woodford with the cancellation of the Nimrod MRA4 project] At Brough over 800 skilled workers will be laid off as BAES restructure to account for the loss of revenue; national and local tax revenues will be lost to the economy and, because of contractual terms, the Treasury may be forced to pay circa £100m towards redundancy settlements.

11. The long term affect of underinvestment being to emasculate one of the UK's most successful wealth and employment generating areas of expertise. As the economy recovers more slowly than need be—and recover it will—the British Armed Forces may have to look evermore to overseas companies for the hardware it requires with the knock-on consequences to balance of payments and employment prospects at home. Once the capacity, infrastructure and world leading expertise to build ships, aircraft and sophisticated weapons platforms is lost it will be difficult to regain in a meaningful time frame and—probably financially impossible.

Conclusion

12. The UK is experiencing a financial debt crisis and is emerging from recession more slowly than originally planned for. The Coalition Government has rightly set its first priority to reduce the debt burden but at the same time has indicated that it wishes private industry and commerce to lead the way to recovery through increased domestic and export growth. Nevertheless, the Treasury has taken the view that major cuts in public expenditure are still necessary as current rates of growth are insufficient in themselves to alleviate the debt burden within a reasonable time-frame.

13. To this end all departments of state (excepting overseas aid and the NHS) are being tasked to save up to 40% of their departmental budgets. This is a huge domestic challenge and one that has the potential to reduce growth in the economy unless counterbalanced by increased commercial investment. Within this stricture the MOD has been tasked to find 8% savings from financial year 2011–12 which, if the department had not been starved of funds for over a decade or more, might be portrayed by some as the MOD getting off lightly. However, the results of the SDSR, and NSS which were arguably not strategy led, have compounded the pressures on both the British armed forces and industry—to a great extent "situating the appreciation" and chancing the UK's prosperity and security for incoherent and largely unnecessary short term fiscal reasoning.

14. That the MOD must put its own house in order and operate in the most cost effective way possible is not disputed, nor is the possibility that the UK Armed Forces must be restructured to meet the requirements of Future Force 2020 as identified in the SDSR. Only the lack of a strategic rationale for financing our armed forces and the essential industries that serve them is in doubt. The absence of a coherent UK Grand strategy and unclear lines of Government responsibility for formulating such a strategy needing urgent attention.

15. However, in one area of UK Strategy there is a way forward being proposed by those most closely associated with the economics of the defence industrial complex. They cogently argue that an articulated Industrial/Defence Strategy—part of a wider UK Grand Strategy—should form part of the mix that ensures the future security of the United Kingdom by promoting prosperity through a vibrant defence industrial complex that is able to directly support the wider UK economic recovery. This thesis postulates that if the British economy is to recover more rapidly than currently forecast and the Armed Forces are to be structured and

equipped to meet the requirements of Future force 2020 then Government investment in the various indigenous defence support industries is not only vital to help kick-start economic recovery but to ensure British strategic security.

16. For HM Government, who have responsibility to ensure sound public finances, there is a clear imperative—"the first duty of any Government is defence of the realm and its people". In this latter respect it is their duty to provide the country, not just with sound finances, as the S of S for Defence and more recently CDS have alluded, but also to strategically target and prioritise those public finances. Indeed, only today the Rt Hon Justine Greening, the Transport Secretary, despite continuing opposition, announced her decision to move ahead with the HS2 rail project, quoting the "Strategic importance" of the decision and economic multipliers that would accrue as part of her business case. As we have detailed above there is a strong evidentially based case for HMG to invest in the UK's commercial (defence) sector too, thereby, not only ensuring that our armed forces are appropriately equipped and capable of deterring aggressors but providing a solid economic base from which national prosperity (another strategic interest) can grow.

17. Few would argue with the maxim that deterrence always costs far less in lives and treasure than war. Therefore, when HMG articulates UK Grand Strategy and then funds the ways and means to meet it, in part through a cohesive national Industrial/Defence Strategy, the government is acting wisely by aiding economic recovery to ensure peace and future prosperity across the realm. We would argue that no such Strategy exists and that, therefore, the PASC must use its good offices to press HMG to recognise the fact and change course.

January 2012

DEFENCESYNERGIA (DS) UK STRATEGIC CAPABILITIES PAPER

SUMMARY

1. This paper draws largely upon written evidence to the House of Commons Defence Committee, "The Tipping Point" a paper by Bernard Jenkin MP and George Grant, a DS Future UK Strategy paper sent to the Chair of the Public Administration Select Committee in July 2011 and the National Security Strategy (NSS).

2. Based on the evidence DS has concluded that UK Grand Strategy has not been articulated in any meaningful sense by Her Majesty's Government (HMG) and that, as a consequence, what we describe as UK's "Capability Interests", are being neglected in current UK security and defence planning. We contend that these interests arise out of a series of values that we believe to be non-negotiable but that must be articulated to inform the process of formulating Grand Strategy. Not least among these values is a fundamental belief in democracy and government accountability that allow freedom of speech for individuals under the rule of just laws. Conversely, opposing through diplomacy, aid and armed force dictatorial rule that threatens freedom of speech; the right to self determination or the implementation of policies that persecute and exploit the weak or lead to lawless activities in the air, on land and at sea.

3. These values in turn drive the need for a vibrant diplomatic service capable of promoting them within international institutions using soft, flexible and hard power. The latter aiming to provide a stable global market place that can guarantee continuity of imports, exports and information defended by balanced conventional and nuclear deterrent forces capable of independent action. All the above being maintained in a stable world order as defined under international law which guarantees that sovereignty will be respected and if necessary protected militarily under the principle of self defence or by aid to weaker societies or nations.

4. Therefore, DS contends that these "Capability Interests" are enabled by a combination of political, commercial, diplomatic and military means all of which are interlinked domestically and internationally. A stable global diplomatic environment is enhanced by British core values which are much admired internationally. In turn these shared values create the conditions essential for manufacturing and world trade to flourish and for UK to prosper. Hence DS contends that it is no giant leap to deduce that protection of these vital interests must form the core of UK strategic thinking. As history has consistently demonstrated, the UK's primary "Capability Interest" has been maritime not continental: the principle vulnerability of the British Isles, whether threatened by Napoleon, The Kaiser, Hitler or a modern day equivalent, being resource starvation. Whilst direct invasion of the UK mainland may now seem a distant threat it is still an issue for overseas territories and in the recent past it was relative maritime strength that provided the essential enabler for UK to act in accordance with her innate values and re-establish democracy and the rule of international law in the Falklands, Sierra Leone et al.

INTRODUCTION

5. In "The Tipping Point" a paper written by Bernard Jenkin MP and George Grant—released through the Henry Jackson Society in July 2011—a central question was posed: "What is UK Grand Strategy?". In engaging the issue a series of questions and possible answers were postulated as to how grand strategy, or the lack of it, impacted the UK's long and short term security interests.

6. It is DS's view that Jenkin/Grant rightly postulated, despite the government's explicit statement in the NSS that UK would continue its traditional full world wide role, that the necessary support infrastructure prerequisites—financial, diplomatic and force—were not in-place. Indeed, Jenkin/Grant went further in

assessing that the NSS was not of itself a "Grand Strategy" at all but one of a number of government inspired documents that misrepresented themselves, however innocently, as strategy: a level to which they aspire but fall short.

7. The Jenkin/Grant paper goes on to discuss the need for balanced and well financed diplomatic and armed services to ensure the security of future world wide UK interests. DS agrees with this premise but would go further than the scope of the paper may have allowed by defining these interests and detailing the capabilities that form UK's strategic "Capability Interests". Hence DS recognises that the aims and interests that inform UK Grand Strategy have not thus far been articulated coherently and cogently by Her Majesty's Government (HMG) and we, therefore, offer our own assessment as a template.

8. To this end the strategic requirements used in this paper are based on the "DefenceSynergia Future UK Strategy" paper sent to the Chair of the Public Administration Select Committee (PASC) in early July 2011 and the NSS. However, these interests do not arise in isolation but out of a series of values that we believe to be non-negotiable.

The Values Which Underpin UK Grand Strategy

9. History and Culture No two nations are completely alike. How a nation appears to the rest of the world today results from generations of its history and cultural development, as influenced by such varied aspects as natural resources, industry, trade, wealth, politics and involvement in world affairs. Alliances are built around common interests (but not necessarily common cultures) and a desire to promote and defend these interests for the common good. But interests—national or personal—cannot be articulated unless there is an underpinning set of adjectival building blocks that describe their inherent characteristics. For this we need to dig into the nation's character, into the warp and weft of society as built and passed down the generations and see what makes us all "tick". What it all boils down to is simple: our values.

10. Whether these values are accepted by other people and other nations is of course open to question, but that is not the point. Values will (must) inherently be evident and widely understood without their needing to be explained in a detailed taxonomy. In the West we did not need to accept communism to understand that it was overwhelmingly not a framework of values in which we would choose to live; its very existence offended our values of democracy, freedom of speech, fairness and accountability for all under just law. Democratic and communist nations and alliances inherently understood the other's position whilst mutually, inherently, disagreeing with the other's values. Strategies emerged on both sides to manage, defend and promote these different value-sets in such forms as NATO and the Warsaw Pact alliance.

11. Our Values Is it, therefore, not obvious that in UK the overwhelming majority of the population ascribe to and support a fundamental belief in democracy and elected government accountability that allow freedom of speech for individuals and the media under the rule of just laws? Would many disagree that, by definition, this includes equality for all under the rule of law—allowing international free movement of people and trade and support for the wishes of others who strive to achieve or who already uphold these values? Not only are these values understood within UK, they are understood by people on the Cairo, Mumbai, Moscow and Beijing omnibuses; and those on the Cairo omnibus might very likely be interested to learn how they can achieve in a nascent democracy the values that we take for granted in ours.

12. Defending These Values It therefore follows that these values are defended by using diplomacy, aid and armed force to deter dictatorial rule that threatens freedom of speech; the right to self determination or free trade through the implementation of policy or laws that persecute and exploit the weak or lead to threats or lawless activities in the air, on land and at sea.

13. The capability mix required to defend established values To achieve, promote and defend these values the UK must be capable of maintaining global reach using soft, flexible or hard power through a strong and visible diplomatic corps that is supported by cohesive, capable and credible armed forces all working to a clear UK Plc strategy. Correctly structured these instruments would in turn lay the foundation for the UK to undertake diplomatic and military action alone or with allies in pursuit of core values. These activities may include military assistance or aid—internationally or domestically—to ensure the rule of law, relieve suffering, to support diplomacy, trade and international regulation via treaty organisations such as NATO, EU, UN, IMO etc—extolling these values within international institutions and communicating them world wide through a free press and other media outlets.

The UK's "Capability Interests"

14. This combination of values, interests and capability requirements would coalesce into 5 "Capability Interests" that could form the core drivers for UK Grand Strategy as follows:

(a) A strong vibrant diplomatic service capable of influence and able to promote our values and interests internationally using soft, flexible and hard power.

(b) Coherent supportive government departments striving for agreed British values that are communicated, understood and supported by the majority of the UK electorate.

(c) A stable global market place based on internationally agreed open trade that can guarantee the security of supply of raw materials, food, energy, technology and information.

(d) Secure and defensible borders and trade routes maintained through alliances backed up by well balanced conventional and nuclear deterrent forces capable of independent action.

(e) The maintenance of a stable world order as defined by international treaty and law which guarantees that established sovereign borders will be respected and, if necessary, protected militarily under the principle of self defence.

SUPPORTING CRITERIA

15. UK's Traditional Respected Position in World Affairs. The UK is a respected key international player and must continue to engage at every level of international diplomacy—UN, NATO, EU et al through a strengthened diplomatic service. The UK's influence—which is much admired—has been earned over centuries and must not be allowed to wane. Whilst this may be a source of chagrin to some and there may be a few nations with similar economic clout, it must be remembered that outside the USA, only the UK and France are long established stable industrialised democracies with permanent status on the Security Council of the UN. Like it or not Russia and China still have some way to go before establishing international trust.

16. UK's Voice in World Affairs. The UK's close relationship with the USA must continue to provide a balancing voice in major international affairs; to provide an interface with the EU and Commonwealth (27 EU and 54 Commonwealth countries representing one third of the world's population) and to counterbalance any future transfer of power from West to East. Therefore, to be credible this implies that the UK's independent nuclear deterrent must be retained alongside strong conventional forces that are supplied by a vibrant and robust R&D intensive industrial base supported over well protected lines of communication. As a long term special partner of the US in the fields of intelligence and defence cooperation the UK must ensure that its own capabilities are able to both integrate and reciprocate on a military and civil level or the relationship may falter.

17. The Diplomatic Services UK Requires. The UK must reinforce its world wide diplomatic presence through its embassies, diplomatic corps, military and commercial attaches. A key role, here, will be to argue for international law to be revised in respect of definitions of combatants, rules of engagement and jurisdiction in respect of terrorists and pirates. We must demonstrate the need for robust international rules covering prosecution and detention of non-state actors in order to deny them safe havens or protection by proxy-nations. With the threat to "cyberspace" security increasing exponentially it will be essential to define the legal nature of such threats or attacks especially in relation to the current law of armed conflict and the status of nations and individuals who sponsor or carry out "cyber-attacks". As the UK has signed up to the jurisdiction of the International Criminal Court (ICC) and UN Charter, the legal position of the government concerning regime change may be ambiguous. As enforcement of core national values may overlap with the concept of regime change (currently in Libya) the legal position requires qualifying if future humanitarian and stabilisation operations are not to be constrained allowing dictators to hide behind quasi-legal shields.

18. UK's Vibrant Domestic and International Industrial Status. For the UK to prosper she must nurture and protect a strong and vibrant domestic high-technology industrial base capable of exporting and importing world wide without interference. These industries and the general public at large rely upon imports of food, raw materials, oils, gas and minerals all of which are vulnerable to interruption of supply as the UK is not self sustaining and does not have more than a few weeks storage on average. As populations grow and climate change takes effect the severity of these issues and the problems they engender can only worsen—water and food riots, disputes over exploration rights, border incursions, piracy, human trafficking, gun running and terrorism are already on the increase. State sponsored aggression against resource rich neighbours cannot be ruled out.

19. How are UK's "Capability Interests" to be Enforced? As the criteria points to a "World Wide" UK "Grand Strategy" that maintains a traditional world leadership role for the UK, clearly a "maritime" not "continental" (military) strategy is required to defend our "Capability Interests". [This view (albeit it USA focussed) is independently articulated by Robert Kaplan (a member of the US Defense Policy Board & senior fellow at the Center for a New American Security) in his recent paper entitled "The South China Sea Is the Future of Conflict".] Which must drive the need for the current mix of forces to be strategically rebalanced as future operations will most likely be maritime-centric and, other than for defence of Overseas Territories (OT's), as part of an alliance that is most likely to be US led.

20. The importance of this emphasis on alliances is that the military effort [and influence] provided and accrued by nations is reflected in the capabilities they are able contribute. In this respect—with the notable exception of the USA which has "full-spectrum-capability"—NATO and EU partners have a collective abundance of infantry, armour and combat air but a paucity of intelligence, reconnaissance, air refuelling, strategic air and maritime lift, submarine and carrier air capability. Therefore, in multi-national-allied-operations the UK's willingness to contribute a disproportionately high level of ground and air forces is a consequence of the available resources linked to a natural desire to show commitment—not necessarily to meet operational need. Hence the forces of the USA (most particularly maritime) are all too often used as the default setting while NATO and coalition allies "fill-in" for political rather than sound military reasons.

21. Whilst this drive to show commitment in international operations may be laudable at the diplomatic and political level it can artificially distort expectations not least in respect of the UK's national "Capability Interests". The latter, driven by economic factors, skewing strategic policy thinking, as in the recent SDSR,

that left the UK with fewer (in some cases none) of the scarce capabilities mentioned above—carrier air, long range maritime air, airborne sensor, air refuelling and strategic transport capability.

22. Determining The UK's Prime Capability Interest Having established that there are five UK "Capability Interests" enabled by political, commercial, diplomatic and military instruments, the UK's Prime "Capability Interest" must be determined. However, these enablers must also be based on a clear sense of national direction which is centred around the Nations core values. Arguably these values are expressed through the will, aspirations and productivity of the people when exercising their democratic choices which empower the executive to govern and protect through funded social, health, security and defence policies.

23. Clearly these national core values and aspirations are interlinked—domestically and internationally—and, therefore, a "Grand Strategy" must consider the inter-relationships that exist between the people, industry, body politic, diplomacy and national security. Underpinning this is UK's involvement in international institutions that should provide the peaceful environment essential for prosperity through self determination and free trade. These latter conditions lay the ground for a nation to thrive domestically through manufacturing and trade conducted under the protection of strong security services and armed forces.

24. Therefore, as the UK has chosen to meet these social choices through a domestic social welfare system this must also be funded by borrowing and taxation. In this latter respect two of the largest providers of taxable income in the UK are the private finance and industrial sectors which rely for profitability upon unhindered domestic and global trade and the secure exchange of data. Hence this need for profitability [government income through taxation] dictates that UK's prime "Capability Interest" is secure lines of communication (trade routes) that ensure prosperity through unimpeded economic growth.

25. A Combined UK Resilience Response Existential threats have the capability to rapidly affect the nations ability to function, therefore, DS believes that UK national security capability interests would be enhanced by integrating intelligence, police, diplomatic, commercial and armed forces input to meet UK's strategic aims. This multi-departmental approach suggests that a National framework, designed to offer a single point of focus, must take the lead in meeting international and domestic emergencies by pooling intelligence, expertise and resources as required. Whether this is achieved through the NSC or an established head quarters, such as PJHQ, is a matter for discussion—but it must be considered a matter of urgency.

26. The Armed Forces to Meet Capability Interests International relations supporting trade being the primary driver of UK Grand Strategy the British armed forces and the consequent diplomatic thrust must be Maritime and Intelligence focussed—army and RAF capability being rebalanced to support this doctrine. Protection of free world trade, UK trade routes, storage, manufacturing infrastructure, ports, air and cyberspace are the key security priorities that must underpin UK defence strategy. Correctly structured these rebalanced forces would form the core of a UK expeditionary capability able to deter aggressors, respond to overseas threats and provide resources for humanitarian operations that can operate either alone or as part of a coalition. However, the term "Maritime-Focussed" does not infer RN dominance within the MoD but a doctrine that acknowledges the maritime realities of a "Capability Interest" based defence policy. To this end the need for the army and RAF to embrace the doctrine of a strategic maritime policy is paramount but not and end in itself—essential ground and air components that provide non-maritime command and control, intelligence and combat capabilities to meet NSS assumptions must also be maintained.

27. However, the government's post-SDSR 2010 plans—based around "Force 2020"—are a future aspiration and it is not yet clear whether the funding to achieve this plan will be made available. In any event there is already a serious gap developing in UK maritime, air support and intelligence gathering capability. Whilst it has been reported that the army will reduce in size to 84,000 after the Afghanistan operation ends and the RAF will reduce to 33,000, the RN is being reduced at the same time—to circa 30,000 including 7,000 Royal Marines. [The latter often being employed in lieu of army units.] Counterbalancing through the TA and reserve forces (30,000 army, 3,100 RN and 1,800 RAF) seeming to favour a predictably army-centric view given that these changes to British force structure are being implemented without a clear national "Grand Strategy" from which a cohesive "security doctrine" can be formulated to guide and direct the planners.

CONCLUDING RECOMMENDATION

28. DefenceSynergia concludes that Bernard Jenkin and George Grant are correct and that a UK Grand Strategy has not thus far been articulated by HMG. DS also supports Robert Kaplan in his thesis that future strategy for the Western powers (we say UK included) must be maritime centric. However, SDSR 2010 and the NSS have not fully articulated the overarching strategy required to meet these challenges. This in turn has placed government planners (not least alone the MOD) in the position of having to decide the scope of spending without a clear sense of direction. An impossible position. Therefore, we strongly recommend that HMG revisits this crucial area, the lack of which prevents all departments of state from formulating cost-effective joined-up-government.

This paper has set out some of the ingredients that should make up the UK Strategy document that will guide and ensure coherence for Financial, Defence & Security plans. This will be particularly useful to the National Security Council. The sooner that this work is concluded the more clarity the rest of Government will have.

September 2011

DS PAPER—THE LESSON OF HISTORY & UK STRATEGY IN 2012

THE LESSON OF HISTORY

1. "History provides many examples of a British Army being asked to operate under appalling handicaps by the politicians responsible for British policy, but I doubted that the British Army had ever found itself in a graver position than that in which the governments of the last twenty years had placed it." This statement was made on the 15 May 1940 by Major General Noel Mason-Macfarlane shortly before Operation Dynamo, the evacuation of the British Expeditionary Force (BEF) from France, had been authorised. Proving, if proof were necessary, that leaders rarely seem to learn from past mistakes. In 2012 can our Government honestly say that it has learnt the lesson of history?

2. The critically acclaimed writer and historian, Andrew Roberts, has postulated that the defeat of Germany in 1945 was due to strong leadership by Roosevelt, Churchill and Stalin who, despite undoubted difficulties and widely differing political view points, managed to agree and execute a successful joint Grand Strategy. Nazi Germany on the other hand, in the control of Hitler, an authoritarian leader with dubious strategic acumen, failed to maintain its war aims. As a consequence the German armed forces, prematurely committed to combat in the West, failed to subdue Great Britain and following the invasion of Soviet Russia were forced into a two front war that many senior German commanders believed to be strategically unsound. This failure to grasp the strategic necessities was further and fatally compounded when Japan (an axis ally), without consultation or any joint strategic planning, attacked Pearl Harbor in December 1941, not only forcing the USA to end its stance of neutrality but directly leading to an allied "Germany First" strategy when Hitler, in a gesture of strategic madness, declared war on America.

3. At a stroke British (Churchill's) principal war aim post 1940—to survive long enough to gather strength and to draw a reluctant USA into the war as an ally—had been achieved. Because of flawed strategic logic (arguably a complete lack of a joint Grand Strategy) the Axis Powers found themselves, in December 1941, not facing a weakened isolated British nation but the combined manpower, industrial and military strength of The British Empire, The Soviet Union and the United States of America.

4. However, as unprepared as the BEF was in 1940 to meet the challenge of fighting a mobile ground/air war and despite the heartfelt condemnation of our politicians by Maj Gen Mason-Macfarlane in respect of the neglect of the British army to that time, Britain was not totally unprepared. The Royal Navy (RN) and Royal Air Force (RAF) had, since the ridiculously flawed "10 year rule" strategy was abandoned, begun to modernise and grow in strength. As a consequence the UK mainland was protected from direct invasion and the maritime supply routes (the strategic arteries that provided the life blood of the nation) were defended. Therefore, largely because of a belated strategic reappraisal Great Britain remained open for business, providing a base for training and rearming the British Army and ultimately becoming the launch hub for the Allies to totally defeat the Axis enemy in the West in 1945. But at what cost?

THE COST OF A FLAWED STRATEGY

5. When, on 8 May 1945 Winston Churchill told the nation that "this is your victory" he may well have had in mind that alongside the British, Commonwealth and Allied forces stood the combined population, industry and workforce of those nations—not least the British. With some 45% of UK GDP being devoted to defence the scale of the British industrial contribution and the population's commitment to the war effort becomes clear. However, the most startling figure to emerge from that period is that of net national debt. By 1945 Great Britain owed a staggering 238% of GDP having entered world war two still paying for world war one and owing 110% of GDP in 1940. The nation had achieved its primary strategic objective—to survive and win—but the long term financial cost was enormous and it was not until 1992 that national debt was reduced back to the pre 1914 levels of circa 25%.

6. It may seem churlish to suggest that a winning strategy was flawed when a brave and great nation was prepared to stand alone to defend its freedom, whatever the cost. However, as strategy is a living concept requiring a continuous, honest and flexible evaluation, not a simple standard set in stone, the dynamics of past decisions have the ability to influence present and future events. Hence, for example, the "10 year rule" in UK and the "Washington Treaty" more widely not only allowed unscrupulous enemies to rearm and build treaty busting war ships but provided the flawed rationale for Western cash strapped governments to put off or ignore difficult defence spending decisions. Whether an earlier strategic adjustment to British foreign policy and defence spending plans would have been a sufficient deterrent to Hitler's and Mussolini's ambitions is now an historic conundrum, however, arguably, the British Forces would have been better equipped and prepared for the onslaught, with, very probably, a reduction of the nation's losses in blood and treasure.

UK STRATEGY IN 2012

7. Whilst few would argue that today's strategic thinking should be predicated entirely upon the past many would agree that the lesson of history provides a useful guide for future policy. Therefore, it is essential to draw upon those principal strategic nodal points that have now established legitimacy and that remain constant for the UK. These are, it may be averred, our national values of widely admired democratic institutions underpinned by the enforcement of international and domestic law providing economic well being and security for the people. Indeed, British values as exercised through membership of international institutions such as the

UN, NATO, EU, G8 et al have largely driven British diplomatic and defence operations since the end of WW2. In recent decades, these initiatives have been almost entirely in support of the primacy of international law and the provision of humanitarian aid. In all these activities, there has been a recognition of the "National Interest", although—it has been claimed—it has been at risk of being overlooked. Recent developments, particularly the deployment of a UK veto in Brussels, have served to underpin a general feeling that the exercise of some European Union powers is unwelcome. Their impact has been declared to be authoritarian in style, compliance has been expensive, and certain measure have been assessed as simply discriminatory against a UK which is the second largest net contributor after Germany.

8. However, as much as shared national values may provide the principle to underpin UK Grand Strategy these values do not in themselves help to quantify or codify policy and resources required for its execution. For this, an articulated and dynamic appraisal must be conducted, both of British interests and the ways and means of maintaining them. In this regard, modern UK Grand Strategy falls short, being based not on a single coherent policy document but on a plethora of uncoordinated departmental business plans, policy objectives and the overarching "Coalition Agreement". Even the much discussed National Security Strategy (NSS) is deficient, having defence at its core but in isolation from most other government departments and British industry, and with only passing or generalised references to foreign policy and international development. The National Security Council (NSC), a body in which logically the authorship of such Grand Strategy might lie, is currently too small, limited in scope and, arguably, because of its terms of reference, little more than an FCO/MOD COBRA.

9. Therefore, the importance of inter-departmental and commercial cooperation in the formulation of UK Grand Strategy can never be overstated. It is the bedrock, without which a cohesive national policy for security and prosperity cannot properly exist. This is not just a case of deciding what infrastructure or which armed service, industry, or commercial enterprise is technically strategic to UK's interests (important as this is) but to what extent and in what direction public spending can be used for the strategic good. When, for example, public spending in essential defence or security areas provides strong strategically necessary defences, whilst at the same time preserving manufacturing skills base, this could be said to represent an immediate and long term UK Strategic interest. Whereas, UK tax revenues being spent to provide jobs abroad, thus losing national skills base and industrial capability can rarely, if ever, be in UK's best interests.

10. Compounding the problem is a lack of clarity or definition as to what a "UK Grand Strategy" actually means, is or should be. To the government's own minister for policy in the Cabinet Office it seems to mean coordination between departments of state and the NSC. For the Prime Minister, in his reply to the Chair of the House of Commons Public Administration Select Committee on the topic of "who does Grand Strategy", it is encapsulated in a combination of the NSS, departmental business plans and the "Coalition Agreement". Whilst there are those in senior military positions and within academia who understand the difference between operational or departmental strategy with a small s and a defined Grand Strategy with a capital S confusion elsewhere is endemic. Indeed, despite the UK having had in the past a single senior civil servant responsible for "Imperial Strategy" the post has long gone and with it the essential cohesion, advice and professional understanding that the incumbent brought to the position.

RECOMMENDATION

11. Therefore, DefenceSynergia recommends that for the UK to have an articulate, meaningful, and definitive but dynamic Grand Strategy, coordinated across departmental boundaries, several hitherto unfinished items of business must be concluded:

   (a) The need for an articulated UK Grand Strategy must be acknowledged by HMG.

   (b) A senior government minister and civil servant to be appointed to lead on the issue and to co-chair a government appointed body (UK Strategy Directorate) within the Cabinet Office. This to act as an executive arm, reporting to the NSC, with active policy control for UK Grand Strategy and supporting documentation.

   (c) A joint departmental committee (diplomatic, academic, military, security and industrial support) to be established to initiate the UK Grand Strategy document and to provide updated input and future advice to the NSC through the UK Strategy Directorate.

   (d) All Government departments to be represented and the resulting document to be incorporated as the "highest" policy statement within departmental policy documents. [Within MOD, to have primacy in all NSS & SDSR decisions.]

   (f) The NSC to be accountable for provision of monthly progress reports to the Prime Minister leading up to the publication of UK Grand Strategy. Thereafter, the NSC, through the UK Strategy Directorate, to be responsible to the PM for maintaining the UK Grand Strategy document and briefing ministers as concepts and policy develop.

12. These recommendations are put before the House of Commons Public Administration Select Committee (PASC) as evidence in support of earlier work by the PASC and for onward communication as the committee Chair disposes.

This is a DefenceSynergia paper written by Dave Tisdale and Christopher Samuel.

January 2012

Written evidence submitted by Argenti Systems Ltd (ST 20)

CONTENTS

— Introduction.

— Response to the Issues & Questions paper.

— Profiles of authors.

INTRODUCTION

1. For nearly 50 years, "The Argenti Process of Strategic Planning" has been successfully applied across the world by many varied and complex organisations. At the heart of the Argenti method lies the fundamental truism that all organisations are created for a purpose. It is therefore essential for that purpose to be very carefully defined and for effective methods of empirically measuring its attainment also be in place.

2. There is no doubt in our minds that the proliferation of government organisations, and the myriad of so-called strategies that they have produced over many years, has mitigated against effective strategic planning. Strategies are worthless unless they can be linked directly into a stated purpose and measured against a verifiable performance indicator. These indicators are an essential precondition for any successful strategic planning process; they permit those who are responsible for designing the strategies to calculate the chances of them achieving the purpose and they allow those responsible for governance to monitor progress towards this topmost aim of their organization.

3. We believe that very few government organizations come anywhere near these essential criteria. We will elaborate further on this concept as we deal with each question below.

4. We believe that the other key to successful strategic planning is the identification of a very limited number of issues; in our experience there are seldom more than half a dozen issues that will have a significant effect on the long term performance of any organisation. An ability to identify, and concentrate on, the development of a very few but effective strategies that address these few, hugely significant issues, is fundamental to success. We urgently challenge the conventional government wisdom that more is better and we recommend a deliberate move towards fewer decisions, but far more focussed on the long term. Lesser issues, the tactical ones, should be delegated elsewhere (thus, incidentally, reducing the size of government).

5. A necessary component of any management activity is a wide understanding of the terminologies used. In our concept of strategic planning, and throughout this response, we use the following definitions.

The Governing Board

"The body responsible for defining the purpose of their organisation, identifying its Intended Beneficiaries, its performance targets and the performance measurement indicator. In addition, promulgating the rules of conduct that must be observed by all members of the Organisation". (For a nation this body might be The Cabinet).

Policy

"Policies' is the collective noun for the above list of governance criteria set out by the Governing Board".

Strategies

"A strategy is one of several major, long range decisions, or courses of action, determined by the management of an organisation, and approved by the Governing Board, to deliver the level of national performance required by the Board.

Intended Beneficiaries

"Intended Beneficiaries are the people for whom the organisation exists. They are its raison d'etre (compare "Stakeholders").

Stakeholder

"Any person who has any relationship with an organization. Many stakeholders can affect or be affected by an organization".

Beneficiaries Performance Indicator

"The BPI is the indicator that measures how well an organization is performing for the Intended Beneficiaries (compare "MPI").

MPI's or KPI's

"A Management Performance Indicator is any metric which measures how effectively a manager is running their part of an organization. KPI is a Key Performance Indicator".

6. We accept that the processes of government are complicated. To facilitate more effective strategic management it would be ideal, over time, to restructure the activities of government into smaller and more dynamic organisations. This would have the advantage that the purpose, the beneficiaries and the performance indicators would be more readily defined.

7. We suggest that each of these organizations would require their own Governing Board to concentrate on issues of governance and monitoring the satisfaction of the Intended Beneficiaries whilst, separately, the Chief Executive and the executive management concentrate on delivering the level of performance set by the Board.

8. We would now like to address the specific issues on your questions paper. In formulating these replies we have avoided any attempt to deal with some of the detail contained in your questions where we have insufficient data or knowledge on which to formulate a meaningful response. We have endeavoured to frame our replies based upon our experience of implementing Argenti Strategic Planning initiatives.

RESPONSE TO THE ISSUES AND QUESTIONS PAPER

1. *Do we in the UK have a broad enough concept of national strategy in government?*
Where is there a failure to be coherent?
Where in government are tensions on issues around global public goods and domestic versus international aspects of policy resolved?
Is the term "national strategy" (or "grand strategy") the most helpful way to describe the requirement?

1.1 As experienced practitioners in strategic planning processes and the development of strategic plans for organisations in both the public and private sector we would have to say "No" to this question. Successive UK Governments have failed to grasp the concept and relevance of a National Strategic Plan and, as the Press would put it, they:

— Shuffle the deck chairs on the sinking ship.

— Engage in fire-fighting.

— Make up policy on the hoof.

— Avoid big decisions.

— Make 20% across the board reductions without due regard to the impact on our long term prosperity.

1.2 A National Strategy needs to tackle the big issues; once the big decisions are made, the strategic direction becomes clear and all the minor issues fall into place. In the quest to define the UK National Strategy we believe you should start the strategic planning process with the "Purpose Sequence". This is a series of questions which may be briefly summarised as follows:

— For whose benefit does the UK government exist?

— What benefit do these people expect from it?

— How will you measure the benefit that you deliver to them?

— What level of performance would they consider satisfactory?

— What level of performance would they consider unsatisfactory?

1.3 By answering these questions a basis for formulating appropriate strategies is provided as are the criteria for determining if the strategies are working—that is, whether the desired benefits are being delivered.

1.4 In our view Governments of all persuasions should have a National Strategy Document which sets out answers to each of these questions, incorporating their particular political philosophies and priorities for the government as a whole. This document should be initiated and approved as official government policy and reflect only those items of very substantial importance to the nation over a very long horizon. This should form the basis for individual subordinate organisations or departments to develop detailed, tactical, action plans for their particular contribution to the whole.

2. *To what extent is Government strategy based on evidence?*
What are the means of gathering evidence and the methods of analysis?
What are the habits and culture, the institutional barriers and systemic incentives that inhibit strategic thinking or thinking systematically about the future?
What are some of the longer-term institutional and organisational innovations that could be introduced?
What are the requirements for secrecy for government strategic thinking on all strategic issues?

2.1 Government produces a range of statistics and economic indicators that purport to inform and satisfy the demands for accountability to the public. However much of this information and most of these statistics are national MPI's or KPI's rather than BPI's. For example, GDP receives much attention, but while GDP is an essential indicator for governments to know, what the citizen wants is Net Income per head. GDP has risen in recent decades; NIpH has fallen for most citizens.

2.2 To engender a more easily understood and wider acceptance of a UK National Strategy we believe there is a case for defining and agreeing targets for a National BPI. It would be the job of a "UK National Strategy Team" to define and monitor this target.

2.3 Strategic plans, by their very nature, are "sensitive" to the reactions of the people or countries they affect. It might also be the responsibility of the UK National Strategy Team to decide what can be discussed in an open forum and what cannot. Politicians represent the people and they respect those politicians who tell the full truth and offer solutions. However, the final decision must be made by the Prime Minister.

3. *Are there examples of policy-making programmes or processes that illustrate effective strategic thinking and behaviour within Whitehall?*

3.1 We have seen many examples of strategic plans from both the public and private sectors which contain elements of effective strategic thinking. Our main criticism with many of these is that they conflate strategic plans with action plans. There is a widespread tendency to think that if one lists all the things that are wrong with an organisation, the more the merrier, then this is the basis for a good strategic plan. The opposite is true: Get the big things right and the small things fall into place: start with the small things and you will never even see the big ones. Additionally, many of these plans are weak on specifics and tend not to have well-defined and measurable targets that can be empirically monitored.

3.2 We strongly believe that strategic planning is all about the small number of issues that will have a major impact on an organisation. The good strategic plan has a robust set of defined and measurable strategies that are designed to deliver the stated corporate targets.

3.3 Generally the best organisations in the private sector develop a Corporate Strategic Plan ie a top level plan for the whole organisation. This sets out (1) its overall corporate purpose and (2) defines a performance objective for each subsidiary or functional operation. The subsidiary and or operational Directors then develop their own strategic plans to meet the stated corporate requirement:
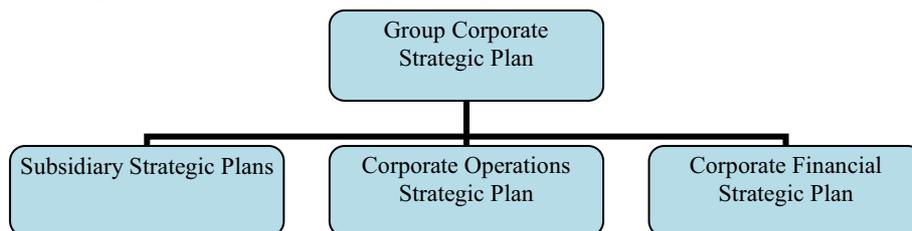
3.4 In the absence of a National Strategic Plan Ministers and civil servants in charge of the various Departments will develop strategies that are not informed by the bigger picture and therefore may not be fully aligned to the UK national interest.

4. *How well has the government fulfilled its own commitments in the National Security Strategy, the Strategic Defence and Security Review and its response to the PASC report "Who does UK Grand Strategy"?*

4.1 We are not qualified to answer this question.

5. *How effectively does the Government assess the UK's national interests and comparative advantages or assets, including industries as strategic assets; and how does the Government reach decisions to protect and promote them?*
How do different government departments work together?
Given the centrality of public spending restraint, how well does the Comprehensive Spending Review reflect and enhance coherent emergent strategy?

5.1 We have the impression that the government of most advanced nations set their own standards and targets without direct reference to other nations. For example, we can only judge the British NHS meaningfully by reference to the health services of other peer nations. France happens to be a close comparator for population, GDP, defence requirements, and so on. "No nation is an island"—not even the UK which happens

to be one. National targets can only be set by relating them to other similar nations. How rapidly is the health of the average Briton growing versus the average French person?

5.2 If the UK does not have a top target in its National Strategic Plan then it is virtually impossible to undertake a rational and logical evaluation of the impact of an event or a decision on this indicator.

6. *Who is doing the strategic thinking on the UK's role in an uncertain 21st century?*
What are the different roles of citizens, social movements, business, civil society and academia in developing an emergent view and national discourse of what the UK is about, including on the UK's role in the world, our values and interests?
How do developments in cyber, technology and social media affect all these discussions?
How can government bring the public into more of a conversation with policy makers?
How can government bring the public into more of a conversation with policy makers?

6.1 There is no shortage of views on national topics; this could be a valuable resource, although, if anything, there is a plethora of views from all branches of society. The problem is people are not always aware of "the bigger picture" and often dwell on the detail and get lost in the minutiae of facts and figures. In other words topics are often discussed in isolation without due regard to the impact on society as a whole.

6.2 While it is obvious that the initiate should come from the top—the PM should lead the UK Strategy Team—there are numerous sources for ideas and opinions. From the top think-tanks—of which we have a great many—to the average person. Much interest, indeed excitement could be aroused if this was carefully thought out and well organised. It might even set alight The Big Society!

6.3 A National Strategy that fired the imagination of the populace would encourage people to have constructive discussions on the implications of varying the Strategy in this way and that and would also allow them to assess the impact the Strategy or variations of it would have on their life styles. (A warning, however: 50 years ago George Brown's National Plan became a laughing stock.)

7. *What is the role of the UK government in leading, enabling and delivering strategic thinking?*
Are there roles that need to be conducted by the UK government alone?
Should the Government enable cities and regions, businesses and civil society, diaspora and social movements, and mutuals to play a greater role in making, shaping and delivering policy?
What is the role of the UK government in leading, enabling and delivering strategic thinking?

7.1 See Comments above

Are there roles that need to be conducted by the UK government alone?

7.2 Yes, the Government should initiate it and ensure it runs a smooth course to the end result. Great care must be taken to explain what it is, what the questions are, who is going to ask them, who will be invited to answer them…almost to infinity. A major national project that could be an inspiration—or a flop.

Should the Government enable cities and regions, businesses and civil society, diaspora and social movements, and mutuals to play a greater role in making, shaping and delivering policy?

7.3 The process of defining the strategies to achieve the national BPI will involve debate and discussion with all the interested organisations and groups. It is the responsibility of Government to obtain views and build them in to their national strategies. Great care must be taken to avoid making the plans for towns and other national organizations at the same time as the National Plan—see above where we warned about doing a plan for the big strategic issues at the same time as tactical ones.

8. *What are the skills that the Civil Service need to develop to build on existing strategic capacity? What are the relevant institutional, structural, leadership, budgeting and cultural reforms that are needed to support Ministers and the Civil Service?*

8.1 We doubt whether the British civil service needs any additional skills. Strategic planning itself is not difficult, not hi-tech, must be kept simple—we have suggested that a strategic plan requires no more than about half a dozen top strategies. If it has more than this it risks becoming not a strategic plan but a mixture of strategic and tactical plans which we hold to be fatal. The professional (and academic) planners love to pretend how clever they are; it is a myth. A complex strategic plan is an oxymoron.

8.2 However, strategic plans have to be based on forecasts just like any plan and since strategic plans stretch far into the future they are far more risky than tactical short-range plans—in the jargon, there are far more "Black Swans". Providing this is understood we guess that, with help from suitable think-tanks and experts, this should not stump the top level civil servants. It might be otherwise lower down.

9. *What can we learn from what other countries, both in terms of what they do in strategic policy making and how they perceive the UK?*

9.1 See the Danish model.

> http://www.ebst.dk/file/23319/entrepreneurship_review_dk.pdf

Their Globalisation Strategy has cross party support and is monitored by OECD. If every OECD member country had a Globalisation Strategy then we could compare performance and make adjustments to ensure that the UK can compete with the world's best. However, this is essentially an economic strategic plan; we have been discussing a corporate strategic plan which covers all the strategic areas relevant to an organization.

Profiles

John Argenti, MA—Chairman, Argenti Systems Ltd

After obtaining his degree in PPE at Oxford, John worked on the production side of Fisons (an international chemical conglomerate), ending up as their youngest Operations Manager. He was then appointed their corporate planning manager in 1963 but following the publication of his first book on in 1968 he became an independent consultant advising companies around the world on strategic issues. Among his numerous clients were a Paris fashion house, a Mexican steel conglomerate, a Spanish bank, an Australian conglomerate and many companies in UK. But also many non-profits including charities, government organizations, finance institutions, etc, etc.

He has written eight books, several of them on strategic planning, but also "Corporate Collapse" and "Your Organization: What is it for?" which still attract extensive attention (see his references in Google Scholar). He is Chairman of Argenti Systems Limited which designed the Argenti methodology for Strategic Planning which has a worldwide following. He was a co-founder of the Strategic Planning Society in 1967. He has lectured in 19 countries around the world on his various specialist subjects. He was awarded the Annual Management medal by the Malaysian Management Society, was a visiting lecturer at Monash University, Melbourne and is on an editorial board at Macquarie Graduate School of Management.

Barry Harrison BSc, Managing Director, Argenti Systems Ltd

An engineering graduate of the University of Salford with 25 years experience in industry working for multi national engineering and manufacturing conglomerates. Specialised in project management in the food processing, oil and gas sectors in the UK and overseas.

Became Business Development Manager of a management consultancy company specialising in IT and Change Management projects. This consultancy worked with the UK Government at the start of Margaret Thatcher's contracting out campaign. They developed a tendering process for organisations to manage activities within Government departments that were considered to be non-strategic.

In 1987 formed Applied Technology, a management consultancy focussed on technology transfer. Working with the University of Manchester's Total Technology Department, Applied Technology assisted organisations in the take up of new technology and developed a series of software products for industry and commerce.

In 2005 Barry was appointed Managing Director of Argenti Systems Ltd. Barry has facilitated strategic planning projects for ZESCO the Zambian Electricity Supply Company on behalf of the Zambian Government and the World Bank; Alstom, the worlds leading energy solutions and transport company and provides support on strategy issues to the worldwide Argenti Partner network.

Jaanuary 2012

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Written evidence submitted by Simon Anholt (ST 21)

1. "Grand Strategy"

I don't want to waste further time quibbling over terminology, but I'm very much opposed to the idea of an "emergent" strategy, which seems to me to be tantamount to admitting the absence of leadership in the system. Strategy drives policy, it doesn't emerge as a result of policies. Politically incorrect thought this may seem to some, strategy must be defined by leaders.

Incidentally, it is even less desirable for strategy to be defined by focus groups. Polling is useful for understanding what voters think, and understanding what voters think is essential to governance, but that isn't at all the same thing as saying that voters should make strategy. It is well known in the private sector that consumer research is very useful to test concepts but not to create them. If you ask a thousand ordinary people for their suggestions they will tend to come up with the notions which most closely resemble the things they have experienced in the past—and that's hardly a recipe for good strategy.

By contrast, I don't have a problem with the idea of Grand Strategy, or the expression. In this context, the word "grand" simply means stepping back and taking in a wider landscape in order to provide a fuller and truer model of the real world. It involves encompassing more actors in one's game plan (allies, adversaries,

neutrals, the media and other commentators, domestic and international public opinion); encompassing more facets of national life and human activity in the plan (soft as well as hard power; perception as well as reality; industrial, educational, cultural, environmental and economic factors as well as political and military); and encompassing a broader sweep of time than the current campaign (ie beyond the term in office of the policy-makers).

For this reason, the substitution of the word "national" for "grand" doesn't really do it for me: if anything, it belittles the thing, tending to make it sound purely domestic when one of the chief characteristics of Grand Strategy is that it attempts to embrace many nations in its scope—indeed arguably, in our globalised world, we have no choice but to embrace all nations in our strategies.

One could, of course, play around with buzzwords and create a construct like "total strategy" or even "big strategy" but I don't see "grand" vs. "normal" strategy as choices: Grand Strategy is simply good strategy, while strategy that doesn't embrace all of these issues hardly deserves the name of strategy at all.

2. "Vision"

I'd like to make a defence of the word "vision", and this is more than terminology: it's fundamental to the issues we are debating.

Of course it's always tempting to discard all imports from the corporate world as superficial trash, and to dismiss as superficial and even dangerous all attempts to mix the tawdry business of selling products to consumers with statecraft and public policy: but the reality is that both have to deal with the same elusive material, that of collective human nature, and the infinitely complex and interconnected global non-society and its multiple actors, and there are many things we can learn from each other.

There's a reason why commerce learned so many lessons from military strategy and statecraft during the 20th century, and there might well be a reason why strategy and statecraft should—with great caution—learn some things from seeing how commerce has developed and taken forward these arts in its own environment, to resolve its own very different challenges.

Peter Hennessy says:

"I think the word "vision" is now such a piece of linguistic litter that it should be abandoned. The contagion of the language of the management consultant into the business of government, I'm sure, appals you all as much as it appals me. I think if the word "vision" comes up, we should have the equivalent of a red buzzer to squeeze it out in our discussions today and with other witnesses".

Yet, from the excellent RCDS Strategy Handbook, we hear this:

"At the end of a recent RCDS strategic leadership phase, over 90% of the membership considered (rightly in our view) that the best strategic insights had come from civilian (including commercial) speakers and panellists".

Do we run the risk of becoming the victims of our own snobbery?

It seems to me that a pre-requisite of this kind of debate is that we all, at least temporarily, disconnect our red buzzers.

Why do our experts hate the word "vision" so much? Is it because it sounds fluffy, pretentious, religious, Blairite? Is it because we have a deeply-rooted cultural mistrust of things that can't be measured or which appear to blur the boundary between the concrete and the imaginary?

Yet as Professor Prins says, "To phronesis we should add metis—conjectural knowledge (sometimes translated as "cunning"): the learned capacity for handling complexity that combines flair, wisdom, forethought, subtlety of mind, deception, resourcefulness, vigilance, and opportunism. It can provide the ability to anticipate, modify and influence the shape of events."

Many other contributors speak of leaps of the imagination, the ability to "think outside the box"—to use another well-worn commercial phrase—or just "creativity", a word which I define simply as "the opposite of boring". It's the ability to capture the imagination of others through what we do, the way we do it, and the way we share it. It is an absolutely indispensible part of statesmanship.

One of the gravest and yet commonest problems I have to tackle with the governments I advise is, quite simply, that they are too boring. Because they are overwhelmed with the extreme seriousness of the tasks they tackle every day—the fact that millions of lives and livelihoods depend on their judgment—they have a tendency to believe that in order to be serious, you have to be boring. No fallacy in government is more common or more risky: in truth, the more serious things are, the more irresponsible it becomes to be boring.

The culture of the civil service, much of the military establishment, many politicians and much of academia, is not necessarily to be anti-strategic, but certainly to be mistrustful of visions. The evidence in this enquiry is laced with casual venom about high-level policy: the recurring snobbery being that this kind of "blue-sky" thinking or "dreaming" is an infinitely poorer and simpler task than the insane complexity of strategy—that baffling and almost impossible game of four-dimensional chess which appeals so strongly to the brilliant minds

of the Oxbridge-educated academics, mandarins and military strategists. But the reality is that neither can work on its own: strategy without vision is mere cleverness, and vision without strategy is mere dreaming.

Surely part of the reason for Britain's failure in strategy is precisely our refusal to acknowledge the importance of imagination and creativity in the game—our determination to believe that national strategy can be a purely ratiocinative process, informed by pseudo-scientific approaches such as "horizon scanning". This criticism has often been repeated throughout this enquiry, but it is a criticism we should test against ourselves too, for strategy is more art than science, so to exclude the artistic from the game is surely an error.

It is by deliberately excluding the compelling endpoint, by refusing to countenance where the "golden bridge" actually leads, that our strategy loses all its pulling power, and fails to become a coordinating and driving force. Strategy without vision is like an arrow without a tip; the simple, captivating, extraordinary and nearly impossible yet yearned-for goal is what gives sense, hope, sustenance, continuity and meaning to the hard, endless, complex and often thankless work of strategy. It's what makes government, administration and public cheerfully willing to undergo difficulties, setbacks and even privations—because it's a clear step towards the realisation of the vision. The mere threat of danger or failure is no substitute for the captivating vision any more than is the standard, anodyne recipe of "peace, security, prosperity". People and organisations need a positive reason to struggle or they usually won't bother; they need to know that they are part of building something worthwhile.

The notion that we can't "do" vision any more because the world is no longer simple enough is preposterous. Even assuming that the world has become less simple (which I doubt), surely this argues for a stronger sense of direction, more leadership? The task of politicians, as Kissinger said, is not to contemplate complexity but to resolve it. The complicated things are, the more people and situations demand and crave simplicity and wisdom.

It is for this reason that the first question I encourage governments to ask themselves before embarking on any programme of national strategy is simply this: what's our country for? This is surely the fundamental and quintessential question for the age of globalisation.

I also encourage them not to think exclusively in competitive terms. We live in an age of shared, borderless challenges, and even the few countries that inherit significant "soft" power from their past influence, as well as the vast majority that need to build it almost from scratch, will do so through their benign influence in international affairs: in other words, by making themselves useful to people in other countries.

That distinction which Gorbachev made between politician and statesman (*"What is the difference between a statesman and a politician? ... A statesman does what he believes is best for his country, a politician does what best gets him re-elected"*) should be updated for the modern world: a politician does what he believes is best for his country, a statesman does what he believes is best for humanity.

In my opinion, it's not primarily the fault or failure of systems or people that we do strategy poorly in Britain, or fail to do it at all: it's the fault of our strategies, the fact that they lack the courage to lead up to a single, simple vision, a compelling endpoint, the "broad sunny uplands" that Churchill so memorably captured.

After all, we are dealing with people, and people need to be engaged before they will change their behaviour or even put any extraordinary effort into what they do. If you starve the nation and its administration of the right to dream of a better future, you condemn them to becoming demoralised pen-pushers and wage-slaves. What's missing isn't a structure or a system for strategy: what is missing is leadership.

Whether this is something we can fix is, of course, another question, but I happen to believe that we can. The wonderful thing about good visions is that they are eminently portable and magnetic. In other words, it hardly matters where or by whom they are cooked up, and they can be offered to politicians for their use. A good vision sells itself and will be taken up by politicians and public alike.

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