

Submission to the 'Public Administration Select Committee' - November 2011
NHJ Strategic Consulting

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 Kreditanstalt 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 2 - 3 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 2/3 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 be 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 6 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,” i.e. 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, i.e. “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 (i.e. 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” (i.e. “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 posture “force” for the future, i.e. 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 e.g. 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 (e.g. “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” (i.e., 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!

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