

## NHJ Stratsum Snapshot strategic summary

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### Top/Global/Geopolitics (4)

**Global economy:** downturn nearly everywhere; eurozone crisis under the surface gets deeper and wider; BRICS not coming to rescue yet; fiscal cliff – Cliffhanger 1 was avoided at the last minute but Cliffhanger 2 is only 60 days off and a sustainable long-term solution is no closer; Japan's 5th recession in 15 years. Continuing high oil price and higher food prices. So what for political and social stability?

**Middle East: Sunni-Shia struggle:** eclipses Israel-Palestine, and is a key driver of Arab Spring and Syria developments. Sunni Salafist counter-revolution is funded and promoted by our friends - Paddy Ashdown. "Are we being played again. Probably". Syria's disaster will spawn wider tragedy and game-changes across the region. Egypt: any leader would find it nigh impossible to be "president for all Egyptians" and get the right line between resisting the old guard and appeasing populist sentiments – will Morsi do better than of late or take Egypt the wrong way?

**Israel:** flushed with better than expected Iron Dome success against missiles, and angry at UN first-step recognition of Palestine state, Netanyahu announces 'settlement of all settlements'. Even friends despair. "Israel on pathway to (US Congress) assisted suicide" - Cowper-Coles. Settlements can and have been dismantled - is he just going for headroom to negotiate?

**Asia security:** back in the top tier and a new NATO hot topic of discussion – increasingly assertive China is alarming ASEAN neighbours; island disputes really could flare up, North Korea long-range missile launch, and Japan elects a hawkish LPD government.

### Economy (5)

- **Global Grim:** nearly everywhere, albeit China and US marginally better.
- **Eurozone:** still intact but the crisis gets deeper and wider. Can Merkel kick the can beyond September's German election? ECB firepower has stayed markets for now, but Greece could still leave – Citigroup GREXIT odds down from 90% to 60% - and Spain, Italy, and France each have big problems. Much of eurozone is in recession, Greece and Spain are in depression. Director International Red Cross gives stark warning about potential for major unrest in Europe, including London and Paris – loss of hope, 2 million Spaniards depending on Red Cross food and assistance (NHJ has warned of potential unprecedented unrest since early 2011).
- **Growth & competitiveness:** are the solutions but no one knows the 'how'. Self-defeating austerity, debt, and recession are killing hope and jobs.
- **France:** "time bomb at heart of Europe" - Economist, many agree.
- **Tax & transparency:** US/Europe/OECD are joining forces against corporate tax avoidance and secrecy in offshore finance centres; Germany blasts Switzerland over €200bn in Swiss-held German accounts.

### UK (5)

- **Economy:** much worse than expected; Japan-style 'lost decade' quite possible; structural deficit and debt worse than in eurozone problem countries; borrowing is up again, welfare costs have risen 15% since last election, export growth is one of worst in EU and UK litmus-test acquisitions are way down – not in top 3 for first time since 1984; Tata, Willie Walsh and other wealth/job creators call for much more 'radical'; banks are £60bn underfunded and reeling from fines and past sins. Rescue list:

employment good news, Carney - new nominal GDP target/relax re inflation – ‘full-on fracking’ and Osborne’s latest budget measures et al may not be enough.

- **Census watershed** : British whites now a minority in London - the pivotal global, as well as British, city. Home Secretary goes hard on ‘uncontrolled mass immigration, British worker displacement, negative impacts upon benefits, wages and housing for low-paid’ and Ed Milliband half says ‘we made some big mistakes’. Standby for much more on migration, assimilation, and free movement from Romania/Bulgaria – hopefully, a mature 21st century national dialogue will trump some old narrow and divisive populist mantras.
- **UK-EU**: UK is by the exit yet we need to be in on crucial european decision-making and benefitting from EU clout notwithstanding euro and eurocratic nonsenses; is all hugely difficult and dangerous as there can be no going back if we leave. It is fanciful to think we can have it all our own way. Neighbours should be friends, we all must tango. Too little EU is fastest way back centuries to Little England.
- **Scottish Independence**: no automatic EU membership says Brussels; polls suggest only 30% currently support independence.
- **Governance and citizen engagement**: when will the penny drop for both our political elite and still very disengaged citizens? Present arrangements are not up to the scale and pace of converging challenges coming down the track. Democracy, society, liberty, prosperity, and security must be safeguarded and mould-breaking political thinking and whole-of-society discourse beckons.

### Technology, environment and energy (3)

- **Climate change**: CO2 emissions/sea ice melt/sea level rise latest data reinforces the case for really big new calm emergency thinking (Prince Charles gets it).
- **UK plays it everyway**: 30 new gas fired power stations along with a dash to shale gas abundance (50+ years reserves), new nuclear go-ahead, and renewables electricity generation up to 11.7% - half from wind farms – as coal temporarily takes over from gas due to cheap prices and provides 30% of electricity generated.
- **Cyber**: bigger attacks against banks and eg Saudi oil production, and US Defence Secretary’s digital Pearl Harbour warning spot light one sector that is recession proof.

### Society and human factors (3)

- **Compassion check**: ‘culture of cruelty in NHS’ – Health Secretary; Syrian refugees; millions of Spaniards and Greeks dependent upon Red Cross/other aid; 75K UK children homeless at Xmas; charitable donations down 20-30%.
- **Silver bullet**: increasingly over-burdened state/local authorities – most of us can volunteer a few hours a month and make an enormous difference - [www.yoursquaremile.co.uk/ysm-home/about-us/team](http://www.yoursquaremile.co.uk/ysm-home/about-us/team)
- **Good for morale**: deteriorating situation provides the imperative to address some fundamental issues previously beyond reach; London’s Silicon Roundabout – world class hub of creative talent; human ingenuity and enterprise; science to the rescue (a future NHJ viewpoint article); cheaper abundant energy; more manufacturing returning onshore from Asia; British sport!

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