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Transcript

The Horizon-Scanners' Craft

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It is a great honour to be asked to speak in memory of Sir Timothy Garden. I first met Tim and Sue at the table of the then Captain President of the Royal Naval College Greenwich, Nick Wilkinson. Though some time before, RAF friends had told me how special he was. That evening by the Thames we got on instantly and, before the first course had been consumed, we touched on my theme this evening – the predictive power and performance of the UK's intelligence machinery and wider horizon-scanning apparatus. At the time I was busy reading the early cold war product of the Joint Intelligence Committee in files on recently declassified by the Cabinet Office. Tim brought all his formidable analytical powers to this and a dose of necessary scepticism about the weight to be attached to such assessments.

It was a conversation we carried on during his time as an outstanding Commandant of the Royal College of Defence Studies and right through his time as a Liberal Democrat peer. How I wish we had his wisdom, knowledge and humanity at our country's disposal today as the troubles of the world constantly lap our shores, as we add our home-grown ones to the climate of anxiety in which we have our being and Whitehall fashions successive national security strategies to concentrate our minds on how best to cope.

I have a sub-title for this evening's lecture – 'The Thin Wisps of Tomorrow'. Let me tell you the source for it – the great French historian, Fernand Braudel, in the Introduction to his *A History of Civilisations*, published in 1987. This is what he wrote:

> 'When it comes to the present day, with all its different potential dénouements, deciding which are the really major problems essentially means imagining the last line of the play – discerning, among all the possible outcomes, those which are most likely to occur. The task is difficult, hazardous and indispensable…forecasting the near future – the 'futurible', to use a frightful word beloved of certain economists. The 'futurible' is what now can legitimately be described in the future tense – that thin wisp of tomorrow which can be guessed at and very nearly grasped.'

Feeling for those 'thin wisps' is quite a powerful impulse in we mortals. Institutions, the social anthropologist Mary Douglas taught us, often incorporate a particular human anxiety or aspiration and are driven by a desire for *certainty*. Some reflect the desire to institutionalise social justice (the Department of Work and Pensions); altruism (the National Health Service), national protection (the Ministry of Defence) or public safety (Home

Office and Ministry of Justice). The last century, in fact, has seen a succession of government-led attempts to reduce *uncertainty* – the intelligence and security services are a classic example – by trying to anticipate events, good and bad, and to increase the chances of the good happening and to reduce the prospects of the harmful.

Today what is called 'horizon-scanning' is a trans-Whitehall activity on a substantial scale. Indeed, Braudel's 'thin wisps' of tomorrow problem has absorbed the energies of some of the best primed clusters of grey cells in crown service since the prototypical Edwardian national security council – the Committee of Imperial Defence, the CID – came into experimental being in 1902 and was made permanent in 1904 (though it was an advisory body for the Prime Minister not an executive group). The pursuit of top-of-the-range horizon-scanning has been a kind of Holy Grail for Whitehall ever since, though the subject has still to find its scholar/cartographer. A really good book cries out to be written on this. Perhaps Chatham House could sponsor it. For in its various guises, the horizon scanners' craft has been central to the British state's preparations for the worst from that day to this. I'd like this evening, in honour of Tim, to take a first stab at it.

May I, therefore, trace some of the key ingredients of this still-to-be-written history?

By 1909-1910, the CID had bequeathed two enduring legacies to the British way of government. The first was the British intelligence community which emerged in something approaching its recognisably modern form as the Secret Service Bureau in 1909 following a CID report (it split into MI6, the modern Secret Intelligence Service, and MI5, today's Security Service, in 1910). The second was the practice of a prototypical version of modern foresight/contingency planning in the shape of the 'War Book'.

The 'War Book' was the inspiration of a remarkable Royal Marine Artillery Officer, Maurice Hankey, who joined the CID's Secretariat in 1908 and became its Secretary in 1912. As so often with the British way of horizon-scanning, it took a crisis and a scare to trigger action and follow-through. In this instance it was the Agadir crisis, when the Germans indulged in a dash of gunboat diplomacy off Morocco as part of a dispute with France in July 1911, which 'hastily intensified the work already proceeding [inside the Committee of Imperial Defence] of formulation and codification of plans for immediate action by all departments in case of war,' as Franklyn Johnson, this historian of the CID, put it.

It was another swathe of threats (largely home grown ones this time, though the shadow of the Russian Revolution hung heavy over the guardians of national security at the time) that stimulated the next bout of Whitehall horizon-scanning and contingency-planning – the rash of trade union militancy and strikes after the Great War in 1919. The Prime Minister, David Lloyd George, approved the making permanent of the ad hoc arrangements his Supply and Transport Committee had improvised to keep key services moving. For 20 years thereafter, the Supply and Transport Organisation was the regular Whitehall provider of foresight and contingency planning to cope with strikes that hit what its legal underpinning, the Emergency Powers Act, 1920, called 'the essentials of life' which it defined as the 'distribution of food, water, fuel… light…[and]…the means of locomotion.' The Supply and Transport Organisation was the chief instrument which enabled Prime Minister Stanley Baldwin to break the General Strike in May 1926.

It was the Army's man on the Supply and Transport Committee, Winston Churchill, who was the moving spirit behind the creation of the next Whitehall innovation, the Chiefs of Staff Committee with its own horizon-scanning team, the Joint-Planning Committee. Churchill, as Secretary for War and Air, was determined to bring together properly the three chiefs of the Armed Forces and floated the idea in a debate in the House of Commons on 12 November 1919. A CID inquiry, chaired by Lord Salisbury with the ubiquitous Hankey as its secretary, was required before the Chiefs of Staff Committee came into formal existence in 1923 and it fell to the first ever Labour Government under Ramsay MacDonald to implement the Salisbury Report in 1924.

The Chiefs of Staff Committee remains today the regular weekly meeting of what since 1958 have been the four Chiefs of Staff (the Chief of the Defence Staff, the Chief of the General Staff, the First Sea Lord and the Chief of the Air Staff). In a second burst of institution building, MacDonald created his Economic Advisory Council in 1929 which he intended to be his economic equivalent of the military chiefs of staff, though it was of little use as the economic and financial blizzard engulfed the world after the Great Crash of that year.

It was the Chiefs of Staff Committee itself which spawned the next innovation, the Joint Intelligence Committee created in June 1936 and until 1957 itself a sub-committee of the Chiefs of Staff Committee, to co-ordinate inter-services intelligence (Hankey was instrumental in persuading the chiefs to take this step). The JIC did not seriously become a shaper of the British horizon-scanners' craft until the pressure of total war finally gave it the bespoke capacity it needed and which neither the Chiefs' Joint Planners, the Foreign

Office nor the individual service intelligence departments wished it to have in the first years of its life leaving it until the weeks before the outbreak of the Second World War 'a peripheral body'. 'Nor', as the official historian of British Intelligence 1939-45, Professor Sir Harry Hinsley, pointed out, 'did the JIC itself show any initiative in volunteering appreciations on more important questions like the intentions and military thinking of foreign states, partly because there was a dearth of reliable information on such questions and partly because service opinion in Whitehall frowned on speculation.'

Churchill's arrival in No 10 changed all that when he issued a new directive for the JIC requiring it to 'take the initiative in preparing at any hour of the day or night, as a matter of urgency, papers on any development in the international situation whenever this appears desirable to any member in the light of information that might be received.' Yet not until May 1941 was the JIC's Joint Intelligence Staff created which rapidly developed into a considerable Whitehall player and can be seen as the lineal begetter of today's Assessments Staff, created in 1958, which works to the JIC in the Cabinet Office.

War is a great tester and refiner of institutions as well as people. The Second World War was remarkable, too, as a test-bed for *postwar* institution-building and the special kind of horizon-scanning that required. The most vivid and enduringly significant example concentrated on welfare rather than warfare though wartime conditions enabled the designer of this particular blueprint, the social scientist and administrator, Sir William Beveridge, to declare that: 'A revolutionary moment in the world's history is a time for revolutions, not for patching.'

Beveridge was not engaged in preparing for the worst – avoiding the worst (a return to the 1930s) or preparing for the best would be a better way of describing his purpose when he seized upon a commission from the wartime Coalition Government to tidy up existing social insurance provision and turned his inquiry into an extraordinarily comprehensive plan for a postwar transformation designed to tackle and conquer what he called the 'five giants on the road of reconstruction' – 'Want, Disease, Ignorance, Squalor and Idleness.'

Horizon-scanning infused Beveridge's craft because he rightly sensed that unless these 'giants' were hammered simultaneously, the tough shell created by interlocking deprivations would not crack. The Beveridge Report was a public document and attracted great political and press attention from the moment it was published in November 1942 thanks, in part, to the 'People's

William' possessing a considerable gift for self-publicity and, in various forms, it sold 635,000 copies, quite extraordinary by any standards let alone those of a government White Paper.

Most of the early post-war innovations in horizon-scanning, however, were implemented in intense secrecy. For example, the idea of the 'War Book' was extended to the pound sterling in early 1948 lest the (hugely overvalued against the US dollar) currency needed to be devalued in a fast-moving crisis in those days of fixed exchange rates. At the end of January, a senior Treasury official, Ernest Rowe-Dutton, began the preparation of what he called a 'Sterling War-Book'. By mid-February, a first draft was ready covering who should be told if D (for devaluation) day were imminent, and in what order and the kind of technical and administrative readjustments that would be needed. It was real 'need-to-know' country. The Bank of England, understandably, was brought in on the plan but there is nothing in the file to suggest that ministers were told. Work on the 'Sterling War Book' lapsed in the summer of 1948 but it was revived, in something of a panic, in the spring of 1949 when sterling came under pressure. D-day finally came on 18 September 1949 when the exchange rate against the dollar fell from $4.05 to $2.80.

But the greatest leap in the imaginative capacities of Whitehall's post-war horizon-scanners was required on the part of those charged with contemplating a different kind of nuclear revolution – the Bomb (another Tim Garden subject). Its dreadful potential stretched the craft in several directions further than anything encountered before. It was, in its way, to adapt a 1945 phrase of Ronald Knox's, 'a baptism of uranium'. Attlee, in the privacy of the August 1945 memorandum on 'The Atomic Bomb' he drafted personally for his Cabinet Committee on Atomic Energy, GEN 75, told his ministers in effect that the world has passed through a valve when the bombs were dropped on Hiroshima and Nagasaki: 'Scientists agree that we cannot stop the march of discovery,' he wrote. And the secret of atomic fission and nuclear fusion, will remain in the possession of those who have already acquired it even if multilateral disarmament is achieved. For it is inconceivable that such countries would destroy all their warhead designs and enrichment techniques – and even if a former nuclear power claimed they had, other ex-nuclear nations could never be sure that was so.

The Bomb required Whitehall horizon-scanners to pursue interlocking themes:

- When the Soviet Union would acquire a nuclear capability? How soon and how many bombs would result?
- What those bombs could do to the United Kingdom and its bases overseas.
- The degree to which the civilian population could be protected from nuclear bombardment and how they could be succoured and the country revived post-attack.
- What a British nuclear deterrent needed to be capable of inflicting on the Soviet Union and its allies.
- From the early 1960s the progress and capability of Soviet anti-ballistic missile defence and its implications for the capability of the UK deterrent.
- How best to prepare and structure the British state to increase the chances of government continuity during and after a nuclear assault (including the command and control of UK nuclear forces).
- The preparation of scenarios for transition-to-war exercises of various kinds.

The Bomb has been a constant horizon-scanning imperative for Whitehall from August 1945 to the present day. For example, when the Joint Intelligence Committee prepared an assessment in the autumn of 2006 for the Official Group on the Future of the Deterrent and Tony Blair's Ministerial Group on the same subject (out of which came the decision to upgrade the Trident system), it looked far further ahead, 50 years, in fact, than its normal practice concentrating on three areas – likely nuclear proliferation; possible developments in anti-submarine warfare; and likely advances in missile defence capabilities.

But the palm for the finest piece of horizon-scanning of the post-war years must go to the *Future Policy Study* Harold Macmillan commissioned as Prime Minister in great secrecy (only the Foreign Secretary, Selwyn Lloyd, knew about it amongst his ministerial colleagues) in June 1959 shortly before he began the glide-path to his autumn victory in the 'You've-Never-Had-It-So-Good' election of 1959 on the ticket of peace and prosperity. The *Future Policy Study*'s horizon-scan was a decade forward – to where Britain would be by 1970 on present policies. It depicted a Britain evermore dwarfed by the superpowers; increasingly falling behind the EEC 'Six', as they were then, in

economic and trade terms; possibly struggling to maintain both a comprehensive welfare state and substantial defence spending.

The only thing Macmillan's scanners got seriously wrong was Northern Ireland; in their treatment of Ireland they did not foresee a recrudescence of 'the Troubles'. The final paper was so gloomy that Macmillan pulled it from the intended full Cabinet discussion in February 1960 and took it to a special Cabinet committee instead. Fifty years on, we desperately need an equivalent of the *Future Policy Study* which set a still unsurpassed gold standard for width, quality and candour. Though cumulatively, the Foreign Office's Planning staff (created in 1964) has produced fine work. A particular gem, penned by the young diplomat Donald McLaren (or the McLaren of McLaren, to give him his full title) in July 1988 on the future of east-west relations, foresaw the fall of the Berlin Wall.

Ted Heath, as part of his new style of government after winning the 1970 general election, sought to institutionalise an approach to horizon-scanning with his creation of the Central Policy Review Staff led by the former head of research at Shell, Lord Rothschild. From its inception in 1971, reflecting Victor Rothschild's background, it kept a close eye on energy problems, especially the supply of oil to which we shall return in a moment. More widely it sought to meet ministers' need, most vocally expressed by Willie Whitelaw, to avoid being taken by surprise so often (what Whitelaw actually said was 'he did not want to read about V and G [Vehicle and General, an insurance firm that collapsed in 1972] in the newspapers in his bath'

Rothschild set up an Early Warning System (EWS) and attempted to persuade Whitehall departments to share their anxieties about the future. The EWS was a brave stab at horizon-scanning but it was hobbled by two things: the Treasury were highly reluctant to pool information on sensitive economic matters, the exchange rate of sterling in particular; and Heath's reluctance, given the top secret nature of much of the material, to circulate the EWS reports to all his ministerial colleagues. As the pace of leaks grew from the mid-1970s, fear of disclosure has been a considerable problem for the more candid 'what if?' exercises.

In the Heath years anxieties about the security of energy supplies were made still more fraught by the miners' strike of 1972 (the first national one since 1926). Rothschild had, in fact, submitted his first CPRS paper on 'Oil Economics and Supplies' to Heath in September 1971 before the strike began. A refined version of the paper was circulated by Heath to ministers in April 1972 which argued that the country should increasingly rely less on coal

and more upon a mix of natural gas and nuclear-powered or oil-fired stations. In May 1973 the CPRS prepared a report for Heath's Cabinet Committee on Economic Strategy on the possible rise in oil prices due to growing scarcity over the next decade possibly to what was then an eye-watering $9 a barrel. Two months later, a Task Force on Oil Supplies, chaired by Lord Carrington, Heath's Defence Secretary, warned the Economic Strategy Committee that a war in the Middle East would have a serious impact on the price of oil though such a war was not thought to be imminent.

It was. On 6 October 1973, Egyptian troops crossed the Suez Canal into the Sinai on the Jewish festival of Yom Kippur and the fourth Arab-Israeli war began. On 16 October, the Organisation of Petroleum Exporting Countries (OPEC) raised the price of oil from $2.90 a barrel to $5.11. In mid-December 1973 they raised it again to $11.65. The price had quadrupled in less than four months. The Carrington contingency and Rothschild's worst-case-by-1985 possibility had met and struck a British economy already reeling from rising commodity prices abroad and growing industrial strife at home.

Each generation of horizon-scanners is shaped by a particular cluster of pacemaker anxieties: Russia and Germany in the early part of the last century; Russia in the Twenties; Germany again in the Thirties; the Soviet Union and the Bomb during the grim 40-year recitative of the Cold War; energy, oil in particular, in the Seventies; jihadi-inspired terrorism from 9/11 on and financial collapses from September 2008 with the cumulative impact of carbon emissions now providing the constant percussion with its percussive effect reaching into several other worrying shapes on the horizon.

For example, as George Soros has noted, a future economic shock comparable to that of 2007-08 would, if triggered by a climate change-related event, produce an immense problem for those seeking to put it right. It would reflect decades, if not centuries, of chemical accumulations that could not be remedied either swiftly (if it could be put right at all) or by any of the financial instruments to which individual governments or the G20 resorted at the end of the first decade of the twenty-first century. What Mervyn King, the Governor of the Bank of England, called the 'Panic of 2008' 'because of the almost complete collapse of confidence in financial institutions and the flight of funding that ensued' after the collapse of Lehman Brothers in September of that year, would be trumped by a loss of confidence, a surge of anxiety and a level of panic that could scarcely be compared to 2008.

One economist, Professor Nicholas Stern of the London School of Economics, had already produced an analysis and a remedial prescription for

the economics of climate change almost exactly two years before the Lehman collapse. Prepared while he was Chief Economic Adviser to the Treasury and written with a style and reach worthy of Beveridge, the Stern review on *The Economics of Climate Change* scanned the horizon to the period 2030 to 2060 and reckoned that by then there would have been a doubling of pre-industrial revolution levels of carbon dioxide in the atmosphere with a 20 per cent probability that the related temperature increase could be over 5°C.

All current Whitehall horizon-scanning that seeks global reach now builds in climate change as both a pacemaker and an omnipresent conditioner of forecasting. For example, the best, in my view, of the regular productions, 'The Global Strategic Trends Programme' run by the Ministry of Defence's Developments, Concepts and Doctrine Centre in London and at the Defence Academy in Shrivenham treats climate change as one of its three 'Ring Road Issues' (the other two being globalisation and global inequality).

By the end of the last decade the UK government, in horizon-scanning terms (certainly in peacetime), probably had more people at work on a wider canvas than ever before as evidenced by the Future Security and Intelligence Network (FUSION) created by the Government's Chief Scientific Officer, Sir John Beddington, in 2007. Yet the Cabinet Office's first *National Risk Register*, published as the 'Panic of 2008' was really setting in, in its diagram of 'high consequence risks facing the United Kingdom, was completely silent on the financial chaos descending ever more destructively on the UK and the world. If you cast your eye across its range of a dozen anxieties and horrors, nowhere do you find the four horsemen of the financial apocalypse requesting landing permission at Heathrow. In fact, Sir Richard Mottram, former Co-ordinator of Security and Intelligence in the Cabinet Office, has spoken publicly about the UK not engaging in 'own-side' intelligence and how unwelcome a paper on derivatives would have been during his chairmanship of the Joint Intelligence Committee between 2005 and 2007.

Yet the horizon scanner's craft should blend smartness, a sense of history (enlivened by a sense of the wreckage of predictions past plus an acknowledgement of 'thin wisps' missed). A certain promiscuity of approach is valuable, too, because of the necessary humility this brings. There should be no 'no-go areas'. Horizon-scanning teams should mix insiders and outsiders. The future should not be subject to the Official Secrets Act. It should look for what might be called benign/malign conjunctions. For example, I was very struck by the Shrivenham scanners' assessment of the possibility of clean, abundant and safe cold nuclear fusion towards the end of their 40-year forward look. Terrific, you might think, without caveat until you realise what it

would do to precarious Middle Eastern countries dependent on oil revenues whose value would plummet.

May I return briefly before I finish to a gap in the Whitehall horizon-scanning machinery which was discussed at a British Academy Forum on 15 December 2009, the second of a pair summoned to answer the Queen's question about the financial crisis, when opening a new building at the London School of Economics on 5 November 2008 when she asked: 'If these things were so large, how come everyone missed them?' The first forum resulted in a letter to the Queen from the British Academy signed by myself and Tim Besley, Kuwait Professor of Economics and Political Science at LSE, on the causes and nature of the crisis that had prompted her question dated 22 July 2009. The second letter, signed once more by Tim Besley and myself on 8 February 2010, examined how the Queen's crown servants scattered across a host of departments, institutions and agencies might so organise themselves that she would never have to ask such a question again.

As none of the senior crown servants present at the 15 December 2009 forum had 'volunteered either individually or institutionally' to pull all the scattered horizon-scanning financial and economic material together on a regular basis we finished our letter 'with a modest proposal. If you, Your Majesty, were to ask for a monthly economic and financial horizon-scanning summary from, say, the Cabinet Office, it could hardly be refused. It might take a form comparable to the Joint Intelligence Committee's 'Red Book', which you received each week from 1952 until 2008 when it was abandoned. And, if this were to happen, the spirit of your LSE question would suffuse still more of your crown servants tasked to defend, preserve and enhance the economic well-being of your country'. Sadly, Her Majesty did not take up the suggestion, though, Ma'am, there's still time…

There are other, wider problems with the horizon-scanning craft. For example, there is a danger, after a fairly deep immersion into a century or more of the horizon-scanners craft, of either becoming faintly obsessed with the 'thin wisps of tomorrow' and/or growing fatalistic about what can be done about a considerable number of the grimmer contingencies. Even that great patron of the trade, John Maynard Keynes, was moved to write in September 1931 that 'It is so difficult to predict what is ahead…some of the things which I vaguely apprehend are, like the end of the world, uninsurable risks, and it's useless to worry about them'. Ministers can get like that when confronted, on top of all their instant preoccupations, with less than cheerful material on what might await. Prediction fatigue has afflicted pretty well every set of political customers in Whitehall, partly because the pictures painted are so rarely jolly.

I am convinced, however, that there is a duty upon governments (and scholars) to *try*, for all the difficulties and the caveats in which horizon-scanning must and will always be embedded. As a historian, I am haunted by what we could and should have picked up in the past in terms of their future significance. Martin Rees, the Astronomer Royal, cited some examples from the 1950s whose life-shaping possibilities were not appreciated at the time in his 2008 Ditchley Foundation Lecture, 'The Next Half Century: A Scientist's Hopes and Fears':

> 'It was in 1958 that Jack Kilby of Texas Instruments and Robert Noyce of Fairchild Semiconductors built the first integrated circuit – the precursor of today's ubiquitous silicon chips, each containing literally billions of microscopic circuit elements. This was perhaps the most transformative single invention of the past century.
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> 'A second technology with huge potential began in Cambridge in the 1950s, when Watson and Crick discovered the bedrock mechanism of heredity – the famous double helix. This discovery launched the science of molecular biology, opening exciting prospects in genomics and synthetic biology'.

Martin Rees, perhaps the most thoughtful and careful of the UK's individual horizon-scanners, carries the necessary scepticism with him when he takes to the lectern. Here he is in the shining, gilded Robing Room of the House of Lords in June 2009 delivering the Lord Speaker's Mile End Group Lecture on 'The World in 2050', pointing out that the 'past record of scientific forecasters is dismal. Lord Rutherford averred that nuclear energy was moonshine; Thomas Watson, founder of IBM, thought there might be a world market for five computers; and one of my predecessors as Astronomer Royal said space travel was utter bilge'.

Yet, Lord Rees insisted, we owe it to the generations to come to try:

> 'We don't know what will be the 21st century counterparts of the electron, quantum theory, the double helix and the computer – nor where the great innovators of the future will get their formative

> training and inspiration. But one thing seems clear: The UK's standing depends on sustaining our competitive edge as discoverers and innovators – on ensuring that some of the key ideas of the 21st century germinate and – even more – are exploited here in the UK'.

And, as the handmaiden to that aspiration, I would add sustaining in this era of cuts the UK's capacity to strive to sense, find and evaluate the 'thin wisps of tomorrow' and to face up to what those 'wisps' might portend. We owe it to our country, ourselves, our children and our grandchildren, to apply a goodly proportion of our industrial and our collective 'little grey cells' to this most constant and vexing of tasks which, as Braudel wrote, is 'difficult, hazardous and indispensable'. I hope and think Tim would have agreed. He was a great and a good man and his inspiration remains.