

**STATE AND STRATEGY :  
HOW BIG STATES DO THEIR STRATEGIC THINKING**

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*Birth of Goddess Athena. Amphora, detail © Museum of Fine Arts*

*The ancient times do set forth in figure, both the incorporation, and inseparable conjunction, of **counsel with kings, and the wise and politic use of counsel by kings**: the one in that they say Jupiter did marry Metis, which signifieth counsel; whereby they intend that Sovereignty, is married to Counsel; the other in that which followeth, which was thus: They say, after Jupiter was married to Metis, she conceived by him and was with child, but Jupiter suffered her not to stay till she brought forth, but eat her up; whereby he became himself with child, and was delivered of Pallas armed, out of his head. **Which monstrous fable containeth a secret of empire; how kings are to make use of their counsel of state.***

Sir Francis Bacon, *Essays*, Essay XX, 1601

**H**ow influential is Russian strategic thinking in and outside the country? Do India's ambitions flow from an assessment of its strategic landscape, or are they driven by political and industrial considerations? How steadfast is the link between British defence and its wider research community? Is Brazil's strategic setup commensurate with the country's growing weight on the world stage? Exactly how are American defence and security priorities set? In which ways do political authorities in Germany outsource, sustain and foster outside defence research?

The following study has a look at these difficult questions. **It ponders how political authorities interact with the strategic community at large** – or, as Francis Bacon might put it, how sovereignty is married to counsel. The paper is grounded in

comparative research undertaken over the course of one year in Germany, the United States, the United Kingdom, Russia, India and Brazil. Its conclusions are the outcome of an extensive study undertaken for the Ministry of Defence of France<sup>1</sup>.

## I. DIGEST

States tend to influence the nature of the strategic community when they confer – or fail to confer – public funding upon it. The decision to outsource strategic research, and *a fortiori* to support the strategic community at large, will alter its socio-economic and intellectual fabric.

<sup>1</sup> *Analyse et comparaison des politiques de soutien à la recherche stratégique*, Ministère de la Défense, Paris, novembre 2014

In return, the landscape of external research – including think-tanks, academic laboratories, scientific research, consultancies and political foundations – influences policymaking. The link between policymaking and the national strategic setup can be tenuous or established, transparent or opaque; loose or firm; formalised or unstructured. In parallel, a country's strategic system will be more or less developed; more or less structured; and more or less sustainable.

Public authorities are likely to outsource strategic analysis for two reasons, which are not mutually exclusive:

- when they do not have the necessary **in-house expertise** to carry out the research.
- to avail themselves of **independent external expertise**, acknowledging in so doing that internal research may not be inclined to challenge official positions. Externalisation in this case provides more credibility or a fresh perspective.

Analysis from the six countries under review – Germany, the United Kingdom, the United States, India, Brazil and Russia – suggests the following correlations.

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*A state's decision to outsource research and to support the strategic community at large will alter its socio-economic and intellectual fabric.*

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## Public funding / private funding

The more strategic research is supported by public authorities, the more developed the strategic community is – in all the countries examined, with the exception of the United Kingdom. Limited public funding will drive strategic research to turn to private enterprise. The risk associated with private backing is that strategic research is permeable to pressure from private-sector interests.

## Ad hoc funding / blanket funding

States use a variety of instruments to develop a national strategic culture, sustain a national strategic community, maintain a pool of national expertise on issues crucial to its national interests, support outside scientific research, and foster a broad tradition of strategic thinking. These tools include commissioned studies, blanket funding, discretionary budgets, *ad hoc* subsidies, invitations to tender, and also informal outreach through personal or institutional interaction, as in the case of experts participating in advisory bodies supported by political authorities.

The more strategic research is funded through *ad hoc*, commissioned studies, the more it tends to tie into the agenda of defence authorities. This has the benefit of focusing strategic research on public policy concerns and the national political agenda. Authorities can take advantage of analysis that is tailored to decision-making processes. The drawback is that it tends to limit independent research and the number of open publications by the strategic community. As funding from commissioning increases, creativity,

influence and volume of publications decrease. The model can limit the indirect intellectual influence that national think-tanks wield *via* open research and the definition of their own research agendas.

### Models

In general, **a country's strategic setup will reflect the role it considers it should play on the global stage**; how influential its national strategic thinking should be; and finally, whether it matches ambition with commensurate resources. For example, a nascent, public-funded think tank system will reflect the efforts of a given country to progressively assert its intellectual autonomy on the global stage.

Models for the countries under review are distinguished according to three criteria:

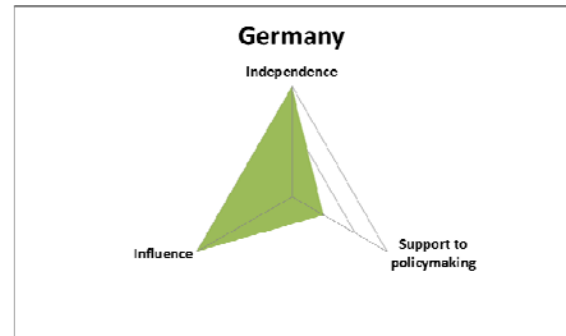
- the **independence** of the strategic community
- the role of strategic research and analysis in **supporting decision-making**
- the **indirect influence** of national think-tanks on the global foreign policy conversation

Depending on how these criteria play out, national strategic 'ecosystems' will be more or less liberal or state-centred; embryonic, coordinated, or centralised; less dependent on public or private-sector funding; and more or less dynamic or influential. The countries examined below display a different mix.

## II. NATIONAL STORIES

### Germany

- Research highly independent, both of public authorities and private interests
- Limited support to decision-making
- High level of indirect influence



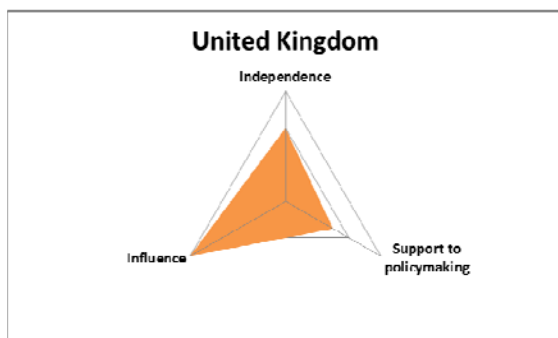
The German model is **state-centred**. Support to external strategic research is centrally coordinated. The German Ministry of Defence has a structure for commissioning studies similar to that of France, although the main body providing the support to strategic research is not the Ministry of Defence, but the Chancellery. For cultural and historical reasons, the Ministry of Defence is not the natural place for strategic research in Germany. The Chancellery thus has financial resources that far outweigh its role in the field of strategy. Lastly, strategic research is usually supported *via* long-term blanket subsidies, rather than externalisation of analysis through commissioned studies, to assist decision-making.

The aim of structuring support in this manner is to allow strategic research to remain independent both of private interests and of the Ministry of Defence. This has a positive impact on the influence of German research centres. On the other hand, strategic research

is at times disconnected from political priorities, and does not always feed into ministerial decision-making. At present, Germany is in the process of revisiting its objectives with regard to strategic research: it wishes to be able to cover the full spectrum of functional and regional issues, including country-specific ones. In addition, Germany has a substantial network through political foundations, which allows it to wield significant influence abroad.

### *The United Kingdom*

- High level of indirect influence
- Limited and informal support to decision-making
- Private interests liable to influence research



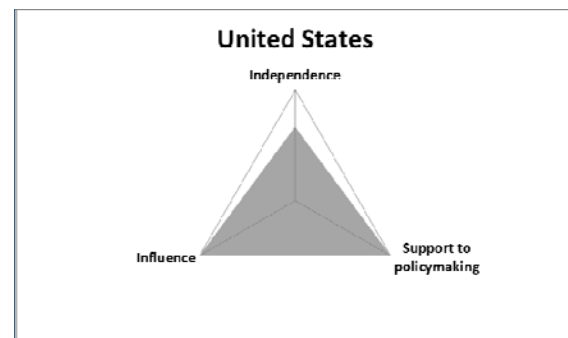
In many ways, the British system is the binary opposite of the German one. It is a **market economy model**, characterised by a broad, influential and dynamic external strategic community. There exists no structural exchange channels between research and institutional structures. The mechanisms in place for outsourcing or supporting external strategic research are not systematic. Ministry of Defence resources dedicated to externalisation are limited, and distributed mostly on an informal and *ad hoc* basis as “study money”. Despite recent efforts to

commit Whitehall to more ‘open’ policy-making, the Ministry of Defence still does most of its thinking in-house. It could be argued that long-term strategic research is not its strongest suit, partly because it is not an area in which it has tremendous interest.

As a result, British think-tanks working on strategic issues rely almost entirely on funding from private or other public sources than the MoD. As such, the British ecosystem is more sensitive to influence from private interests.

### *The United States*

- Levels of funding and variety of instruments from both public and private sectors produce highly disparate situations
- High level of support to decision-making
- High level of indirect influence



The American setup is a **broad, complex, and sustainable** ecosystem. It has substantive means at its disposal, as well as a range of *ad hoc* and structural tools for externalisation and support to strategic research. Instruments include “study money”, blanket contracts, federally funded research and development centres (FFRDC), tax-free donations to non-profit outfits, secondments, fellowships, and the “Minerva” initiative. The American model

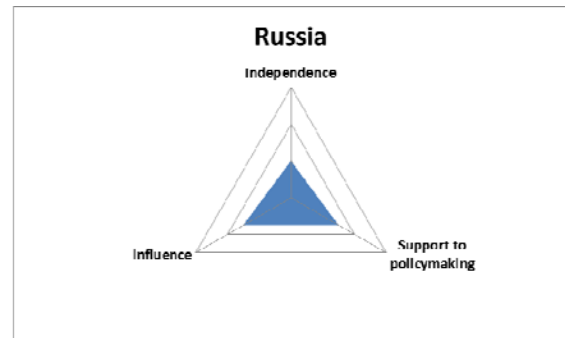
is characterised by the alignment of high demand for internal expertise and abundant supply of external strategic expertise.

Combined with the use of English as a vector for ideas and strategic influence, and the widespread philanthropic culture it draws upon, the depth and breadth of America's strategic system make it influential both domestically and internationally.

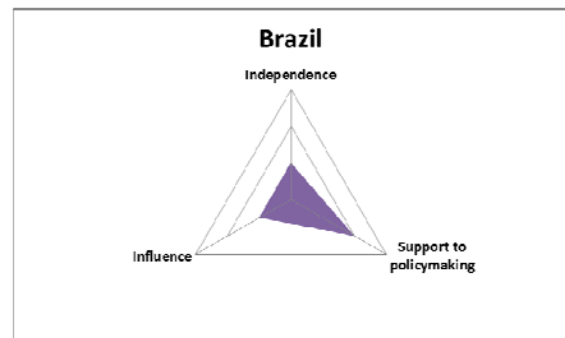
There are, however, a number of internal points of friction. The potential influence of third-party interests, be they public or private, and the tricky balance between objectivity, credibility, perceived objectivity, and open-ended structural financing are not alien to the US strategic landscape. The controversy involving the Brookings Institution, which broke in the media in Autumn of 2014, is indicative of some such tensions.

### *Russia, Brazil, India*

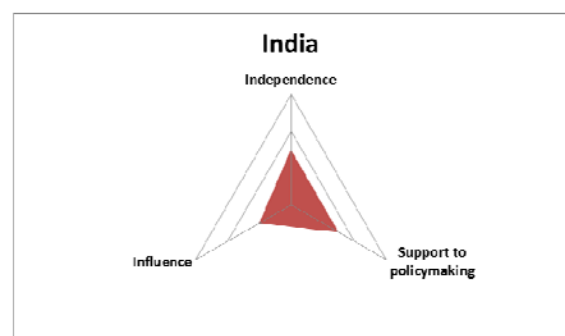
The Indian, Brazilian and Russian models are currently organising or reforming. They feature some decision-making support arrangements and support for external strategic research, but lack a coordinated system to do so. Resources, though growing, remain limited and international influence weak. The Brazilian landscape is in the **structuration phase**. Expertise in India is **diffuse and heterogenous**. Conversely the neo-Soviet Russian system is **centralised**, with a support mechanism for external research **in the process of being created**, and a will to wield far more intellectual influence abroad.



- Dependent on public authorities. Elsewhere, risk of dependence on foreign and private interests
- Decision-making assistance limited by low levels of externalisation
- Low level of indirect influence



- Dependence on public authorities
- Decision-making assistance capacities developing
- Low level of indirect influence



- Dependence on public authorities
- Some support to decision-making
- Low level of indirect influence

### III. MONEY

The numbers quoted here are aggregated based on thorough empirical research into the countries under review. However they cannot be considered entirely definitive because of the complexity of the mechanisms and the different budgets involved. It can be estimated that the German administration as a whole spends about **€25 million** on funding external strategic research. As a comparison, this represents roughly 0.08% of its defence budget. France spends **€10 million**, which is 2.5 times less, and represents 0.03% of its defence budget. Even when financing from German regions (*Länder*) is excluded, the number in Germany is still about twice as high. When think-tanks budgets are taken into consideration, the imbalance between the two countries is even greater: IFRI, IRIS and FRS in France have a combined budget of €13.5 million, compared to €36 million for think-tanks and research laboratories in Germany.

The amount the United States spends on strategic research is difficult to calculate exactly because of the variety of sources, actors and mechanisms involved. They include study money, blanket contracts, fellowships, OSD, ONA, FFRDC, INSS, DSB, and JCS. We estimate that the budget for external strategic research in the United States varies between \$107 million and \$135 million depending year on year (between **€86 million and €108 million**). Considered in absolute terms, this

figure is high. As a share of the American military budget, it represents approximately 0.02%. On the face of it it is proportionally lower than in France or Germany. When economies of scale made possible by the size of the American system are factored in however, the proportion remains very significant.

The figure for the United Kingdom ranges from £1.8 million to £2 million year on year (from **€2.5 million to €2.8 million**). This is low, both in terms of volume and proportion. It makes for roughly 0.004% of the UK's defence budget. India, Brazil, and Russia are also at the lower end of the scale, although it is not possible to establish accurate figures with currently available data.

Budgets dedicated to externalising strategic research, in terms of both volume and proportion of defence budgets, are a useful indicator of how important a country considers external strategic research to be. They confirm the trends elicited above.



## IV. CONCLUSIONS

The empirical evidence suggests there exists no ideal model. A national strategic research system is much like a cooking recipe, where ingredients will **vary depending on the desired outcome**. The national strategic systems of the countries under review tend to broadly **reflect the role they aspire to play on the international stage**. It remains difficult however to transpose and extrapolate from one to the other – they remain grounded in dissimilar cultural and historical backgrounds.

Political foundations aside, Germany has aggressively opted for **independent** external strategic research – and provides public funding consonant with this core political tenet. Conversely, the United Kingdom has opted for a **liberal model**, and is not worried about the possible influence of private interests. Corporate or donor funding is not viewed as risky or shameful. Quite the contrary – think tanks in the UK proudly feature the names of businesses on conference material and research programmes.

There is so much money available for strategic research in the United States that **all aforementioned models can be pursued concurrently**. There is no real need to choose one over the other. In India, the strategic research system has developed alongside the country's international role and priorities, but today remains fairly **heterogenous**.

It is too soon to comprehensively describe Brazil's **nascent** strategic research model. Similarly it is a reflection of the country

progressively asserting its autonomy on the global stage – a course that Brazil has only recently begun to pursue.

Russia is currently looking to progressively **replace the centralised, neo-Soviet apparatus of strategic research**. Today the country has plans to fund and support a strategic research community outside the Russian Ministry of Defence. The main issue with the previous model was that the influence of Russian strategic thinking remained extremely limited outside of the country – the Russian authorities seem to have acknowledged the problem and are looking to remedy it.

France is looking for a model where it could **increase the influence of its strategic thinking outside national borders despite straightened financial times**. In doing so, it needs to acknowledge the defining traits of the country's strategic setup. It should recognise and that the balance it has struck is currently the opposite of the German one. In addition France lacks any long-standing tradition of private funding that might guarantee independence in the face of cuts in public spending. Then it could set out the level of ambition it harbours for French strategic research and for its broader influence. ■



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