

# Political Experiments of the 1990s: The Use of Scenarios in the Public Domain

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## **Introduction: Breaking New Ground**

This report about scenarios, economic development, and the evolution of government in the late twentieth century is the product of a six-month partnership between Barbara Heinzen and Alister Wilson and Campbell Gemmell of the Scottish Enterprise Strategy Team.<sup>1</sup> While none of us understood it at the beginning, we now know that we have been exploring new ground in several directions simultaneously.

First, we needed to understand what was meant by "scenarios," both as an intellectual product and an organizational tool or political process.

Second, there was the goal of economic development. This phrase was first applied to "third world" countries in Asia, Africa, and Latin America that were seeking to industrialize and "catch-up" with the more "developed" countries of North America, Western Europe, and the industrialized communist bloc. In Scotland, however, we were working with a nation which has already industrialized, deindustrialized, and is moving (like many other societies) towards a new social and industrial structure.

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<sup>1</sup>Scottish Enterprise is a network of 13 Local Enterprise Companies and a national office (Scottish Enterprise National) located in Glasgow. As a whole, the network is responsible for economic, environmental and human resource development in lowland Scotland (the Highlands and Islands have a sister organization called Highlands & Islands Enterprise).

Scottish Enterprise receives its funds from The Scottish Office. Of its annual budget (around £400m per annum), 25 percent is spent on enterprise development, 20 percent on improving the environment, 40 percent on training and 15 percent on administration.

Scottish Enterprise was established by an Act of Parliament and has certain statutory powers; however, it also has discretionary powers. To achieve its objectives, SE needs to work in partnership with such other significant actors in Scotland's economy as companies, higher education institutes, banks, and local authorities.



*Experiment of  
the 1990s*

Economic development in this environment is pioneering work which can draw on some of the lessons of catching-up, but which is also a uniquely different experience.

Third, we began to explore the role of government. When we began asking who used scenarios in the public sector for economic development, we found that discussions of public issues, using many of the techniques scenario planners would use, were often led by the private sector and operated outside formal government structures. Government people were included, but often found themselves in new roles. So without having directly asked the question, we were—quite by accident—brushing against a redefinition of government's role and responsibilities at the dawn of a neo-industrial age.

### ***The Wider Context: A New World and its Uncertainties***

Over the past 20 years many people have believed that some form of "business as usual" would continue to define the future as it has defined the past. Even the response to the recession of the early 1980s, when the Thatcher and the Reagan revolutions began, was more an exercise in liberalizing existing rules rather than changing rules and structures fundamentally. The policies during that recession looked back to an imaginary golden age of freer enterprise and were tailored to allow society and the economy to return to the high growth and predictable patterns of the early postwar decades. As a result, marginal adjustments, rather than radical change, were the dominant style, with high numbers of unemployed men absorbing most of the corporate shocks.

The recession of the early 1990s, however, has been very different. Every major economy has suffered and many of the policy responses of the 1980s are now criticized for bringing on the collapse of the 1990s—particularly the debts and insecurities of leading financial sectors around the world. This has led more people to see their own nations and organizations as vulnerable creatures in a sea of complex global shifts and transformations. There is also increasing speculation that what we are witnessing is not a cyclical business recession, but a deeper, structural depression leading towards uncharted ground. This sense of fundamental uncertainty has coincided with (and partially been created by) the collapse of the Soviet bloc and the discrediting of communist dogma. As a result, both private sector and state solutions seem woefully inadequate to cope with the scale and challenge of recent change. Instead, there is a sense of intellectual vacuum, an anxiety and uncertainty about the

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"a TV screen." Here is a "party" totally divorced from any kind of grass roots organization among the people. It also has no recognizable political position or ideology: in the European parliament, it has been unable to affiliate with like-minded parties from other countries, since it has no "mind" of its own.

- The growing economic power of the Chinese community outside China was noted in *From Silk Road to Silicon Road* (GBN, 1993) and was recently featured as the cover story in the mid-July issues of such business publications as *Forbes* ("The Bamboo Network," July 18) and the *Far Eastern Economic Review* ("A Question of Identity," July 18). Neither a nation nor a state, this ethnic community is functioning as an economic superpower, moving its vast capital easily between Hong Kong, Taiwan, Singapore, Malaysia, Indonesia, Vietnam, and the Peoples' Republic.

nature of current woes and the best responses to them.

### **Growing Mistrust of Governments**

Partly as a consequence of this threatening economic environment, there has been a noticeable increase in popular mistrust of politicians. A residual faith that national governments should *do something* has not been matched by any action that helps to justify that faith. Increasingly, national leaders are perceived as simply "not up to the task." Opposition politicians are often tarred with the same brush—offering little in the way of personalities or policies that inspire confidence. Some leaders recognize this fact. Vice-President Al Gore has noted that "only 20 percent of Americans trust the federal government to do the right thing most of the time—down from 76 percent 30 years ago,"<sup>2</sup> and Prime Minister John Major has said that "if politicians fight...on every issue, is it surprising if the public turns away? Somehow we must break through the artificial frenzy that so often masquerades as political debate and focus attention once more on the essential concerns of the people we represent."<sup>3</sup>

Spontaneous local organizations are tackling local issues, often using democratic consultative processes that the national machinery is too large to handle.

Simultaneously, there has been a noticeable growth in two important political phenomena. First, spontaneous local organizations are tackling local issues, often using democratic consultative processes that the national machinery is too large to handle. Several of these local responses will be explored in more detail in this report. Second, there has been increased interest in and development of supranational solutions—through the United Nations, the European Union, GATT, or sometimes regional organizations such as NAFTA. In Europe these two phenomena—local and supranational organizations—have frequently relied upon each other for their financial support and political legitimacy.

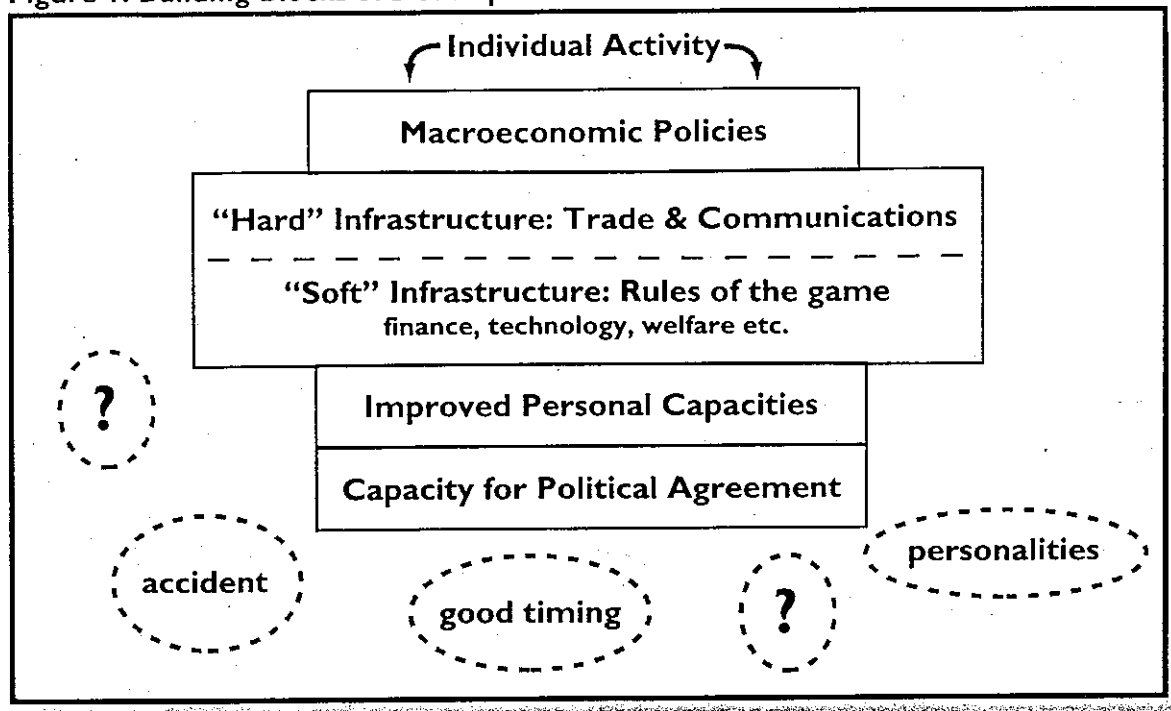
These trends have helped create a need and a space for the kinds of experiments we will describe here. Where they will lead is a separate question, but the phenomenon itself is of sufficient interest to be considered in its own right.

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<sup>2</sup>Vice-President Al Gore, *Creating a Government That Works Better and Costs Less: Report of the National Performance Review* (Washington: U.S. Government Printing Office, September 7, 1993).

<sup>3</sup>Prime Minister John Major, Speech to the Scottish Conservative Party, May 13, 1994.

Figure 1: Building Blocks of Development



### **Economic Development: Pieces of the Puzzle**

Much has been written about economic development since the term first came into vogue. For our purposes here, however, we picture the major pieces of the puzzle as shown in Figure 1. This analysis is based on the experience of third world countries, but each component has an analogy with the emerging industrial structures of the advanced societies.

- An economy is only the sum of *individual activities*, the work or contribution made by individuals in society. These activities are, however, supported by a wide and complex set of other components.
- The most commonly mentioned and discussed aspects of development are *government macroeconomic policies* concerning government spending, interest rates, exchange rates, tariffs, trade rules, etc. However, these are not sufficient to promote economic development.
- All activities require some form of *infrastructure*, which may be one of two kinds:
  - *hard infrastructure*, or the means by which goods can move and people can communicate, including roads, railways, sea ports, post offices, telephone lines, etc.; or

– *soft infrastructure*, or what can be called the rules of the game. Some of these rules concern the financial system, which will shape where investment money is found and how the risks of investing are shared. Other rules govern the management of technology. Some countries prefer rules that stimulate the adoption and spread of imported technologies, while others will protect new ideas and inventions. Soft infrastructure also defines the rules about labor and the rights of workers to safe working conditions and freedom from arbitrary dismissal.

- Underlying these other aspects of economic development is *improved personal capacity*: the absolutely basic precondition that every individual in society have the necessary health and basic skills to participate in the emerging activities of a new economic structure. What is the point of having roads if there is no one with enough mechanical knowledge to keep vehicles running on them? Why have a stock exchange if too many people lack the basic mathematical skills of percentages and returns? How can any of these facilities be exploited if people are not healthy enough to work effectively during the day?
- Even more fundamental is the shared *capacity for political agreement*. Many developing countries have found that investment in health and education for the whole population, or investment in a balanced distribution of roads, railways, and phone lines, becomes a matter of hot political dispute. Which groups or regions should receive this investment and who should receive it first? Who should benefit most or in what fashion from the rules of the game contained in the soft infrastructure? Where there are losers in the process, how can they be compensated for their loss? Moreover, because development is a process that stretches over several generations, this capacity for agreement includes the ability to think long term about the whole population and cope with the many unpredictable events that will emerge during that time. Not surprisingly, the early stages of the development process often include a reworking of political beliefs and institutions to facilitate the molding of political agreement.

Much of the rest of this paper will be concerned with experiments in achieving such agreement and learning to take account of both uncertainty and the long view. This brings us into the realm of scenarios.

### ***Evolution of Scenario Planning: Understanding for Change***

The evolution in scenario work can be pictured as a continuum in which subjective, personal, and organizational factors play an increasingly important role. Early scenario writers produced books that described

alternative futures for the world economy, a national economy, a business sector or organizations. Later scenario planners realized that if scenario thinking were to change people's behavior and decisions, those who were expected to change needed to participate in the intellectual work itself. This realization led to an increased emphasis on the process of building and understanding scenarios using interviews, workshops, and a variety of analytical and facilitation techniques. The engagement of managers in the identification of issues and the analytical process was seen to contribute to a changed view of history and the present. This new viewpoint could then lead to changes in everyday thinking, and finally to changes in behavior, decisions, and actions. Only the accumulated impact of these changes would lead to a change in the overall performance of a firm or economy.

This analysis led us to identify two aspects of "scenario" work: (1) the intellectual task of studying driving forces and trends, creating alternative futures, and (2) the consultative learning process, which embeds scenario thinking in an organization or group.

### **Scenarios in Economic Development: How They Work**

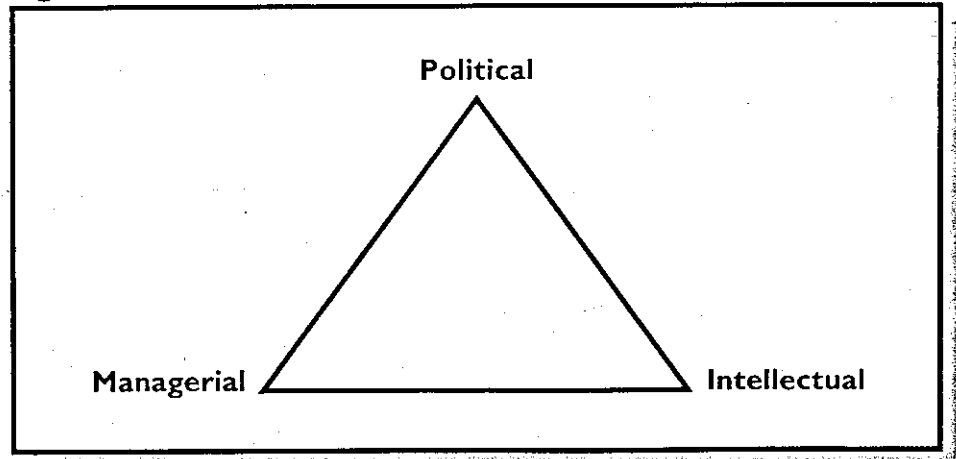
In the private sector, scenarios look at the interaction of social, political, technological, environmental, and economic forces to imagine two or three different ways the business environment might evolve in coming years. Since the future is uncertain and unknowable, the company will be best able to survive if it can imagine in advance some of the possible twists and turns it might meet and "rehearse" the different decisions that it might have to make.

Those in economic development face many of the same uncertainties that are faced by a large multinational company, but in a broader context. In addition, an economic development agency needs to secure a measure of political agreement among competing interests on the goals and on the means by which development is to be achieved. In this sense, economic development can be defined as having three important components, as illustrated by the Development Triangle (Figure 2):

- a *political* task: achieving agreement
- an *intellectual* task: identifying policies for agreement
- a *managerial* task: implementing the policies which have been agreed



**Figure 2: Three Tasks of Development**

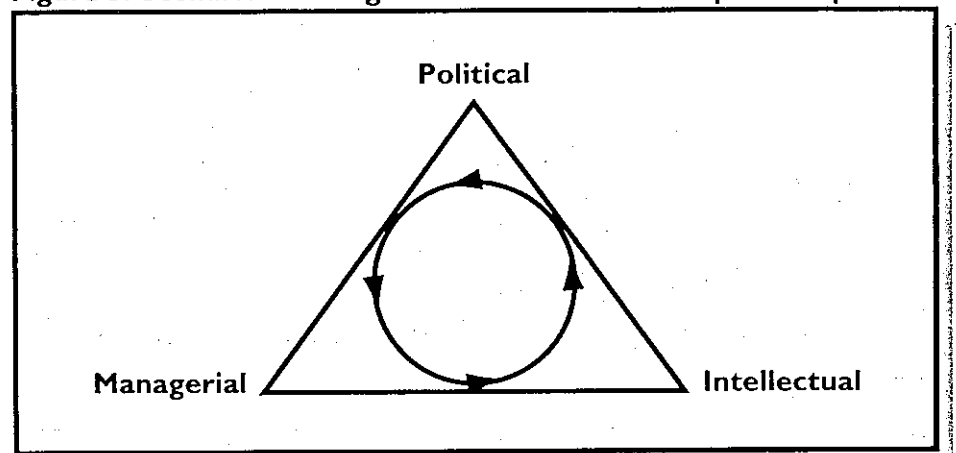


Scenarios help understand the environment within which these development tasks are accomplished. To the extent that they are developed in consultation with competing interest groups, they also help achieve political agreement. By distinguishing between the certain and uncertain developments of the future they can help define appropriate policies and options as circumstances change. Finally, if those who manage policies are involved in the scenario process, their ability to react to changing circumstances is improved, and successful implementation of agreed policies is more likely. Theoretically, therefore, a good scenario process could be a useful way of mediating the "development space" between the intellectual, managerial, and political tasks, as illustrated in Figure 3.

***Scenarios in Economic Development:  
The Search for Examples***

Because of the theoretical "fit" between a good scenario process and a good economic development process, it was logical for us to suppose that

**Figure 3: Scenario Building to Mediate the "Development Space"**



somewhere we would find examples of groups that had used scenario building techniques to manage the dilemmas of development. During much of 1993, we went looking for these experiences. We were particularly interested in experiences where the public sector took the lead, since Scottish Enterprise is a public sector body. In our search we sent letters to several development studies centers in Britain and asked everyone we knew if they had heard of the use of scenarios in economic development.

Oddly enough, the development studies centers had barely heard of the word "scenarios," and usually thought it meant a set of options for policy. Our personal networks were more fruitful, and eventually 107 people offered information. But even here, 40 percent knew of "nowhere" that scenarios had been used, and another 15 percent knew that they had been used "somewhere, but not here." In the end we identified 28 examples where scenario thinking, or a consultative learning process, or both, had been used either in development or in the public sector.

In about half the cases, scenario studies had simply been read with varying degrees of interest and then filed away—products separated from any process involving those who were expected to use the scenarios. In other cases stakeholders were involved in a consultative economic development or public planning process, but no scenario thinking about future possibilities was done. We found half a dozen examples of scenarios produced from a stakeholder process, but only two of these, both in Sweden, were interested in economic development and led by the public sector, and only one was still functioning in 1993.

In sum, out of 28 public uses of scenario and consultative learning techniques, only one currently in operation was closely analogous to the position of Scottish Enterprise. For us, this meant that any public sector body hoping to use a scenario exercise in economic development would be working at the frontiers of a new political and economic process.

### ***Eight Successful Experiments in the Public Domain***

Although there was only one organization in a similar position and role to that of Scottish Enterprise, eight of the 28 examples can be described as successful experiments in the public domain. Four of our eight examples have come from Northern Europe, three from North America and one from South Africa. The following are brief summaries. More detailed stories of the experiments are presented in the Appendix.

In each of these examples, those involved also came to share a common language and understanding of the world they live in and the tasks they are confronting.

*Brittany:* The Institut de Locarne brought local businessmen together to define the issues of economic development in the region.

*Connecticut:* Organization of meetings between bank managers and neighborhood activists to address "redlining"—the practice of banks to refuse mortgages in poor neighborhoods—provided a model for the resolution of other disputes, including timely agreement on a state budget.

*Canada:* Response to a paper, "Governing in an Information Society," led to the formation of a Round Table that eventually developed scenarios on the future of Canada.

*Rijkswaterstaat (RWS):* Management introduced scenario exercises to redesign the approach to planning in a major Netherlands ministry.

*Silicon Valley:* A group of CEOs created a public/private joint venture to consider the social and economic future of Silicon Valley.

*SIFO Multiclient Study:* Swedish consultancy introduced a multiclient scenario exercise on the future of Sweden, culminating in a day-long television broadcast.

*Södermanland County Administration (Sweden):* Scenario seminars concerned with the layout of a railway infrastructure expanded to include such issues as industrial development, research, and education.

*South Africa:* Three separate scenario exercises on the future of apartheid in South Africa built on each other and involved business groups, government officials, labor, and the political opposition, with the results presented to the general public.

### **Common Achievements of the Eight Successes**

In one way or another, all eight of these experiments created a widening debate which changed perceptions and thinking in a significant way. They also facilitated long-term thinking, shifted the geographical boundaries of the imagination, and enabled people to recognize the uncertainties around them without losing hope. In each of these examples, those involved also came to share a common language and understanding of the world they live in and the tasks they are confronting. This made it much easier for them to function creatively and collaboratively in a time of rapid change and considerable insecurity. Finally, in each of these

examples the process is continuing, having created a dynamic that is either self-sustaining or has had the effect of inspiring others to pursue similar work.

Strictly speaking, not all eight were directly concerned with economic development: several are more accurately described as experiments in developing the capacity for political agreement. Nor were all eight examples organized around a comprehensive scenario study of the future social and economic environment in its broadest meaning. Yet, in their use of collaborative processes and their concern for redefining issues of wide public importance, they are appropriate examples of emerging forms of political agreement.

Another striking feature of all eight is that contrary to the notion that "politics drives out learning," each example has managed to put learning at the center of politics.

### ***Common Patterns in the Eight Successes***

Although these eight stories come from widely different parts of the globe and have been motivated by very different circumstances and needs, they follow surprisingly similar patterns, which we have organized by phases: "Beginnings and Initiations," the "Full Swing," and "Spinoffs and Continuations."

#### **Beginnings and Initiations**

- 1989–1991
- Taking a personal risk
- Drawing on personal networks
- Non-governmental lead, but government partners
- Endorsement of respected figures—leadership from the top

Most of our eight successes began roughly between 1989 and 1991, all involved someone taking a personal risk who then drew on his or her own personal networks for support. Most began outside of government structures, but drew in government partners, and all required the endorsement of respected figures from either the public or private sector.

While the wider uncertainties of the times might explain why so many of these experiments began in the last five years, they do not quite explain why, in all eight, someone took a personal risk to begin or lead the exercise. In each case, we found a single individual who decided it was time for a new approach, or took on the risk of implementing such an

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approach in his organization. "You must be willing to take personal risk to get things moving," said SIFO's Bo Ekman in November 1993. However, these individuals did not set out to work alone. Instead, they first contacted people they knew who would be open to a new approach. In Connecticut, Wick Sloane of Aetna phoned the man he had campaigned for in state politics; in Brittany, Josef le Bihan of the Institut de Locarne contacted the people he had taught in business school or knew from other areas of his work; others took similar initiatives.

In five cases, people from the private corporate sector took the lead. And in four of these instances, the corporate sector provided the first financial support. In a sixth case, a private Canadian institute—the Institute for Research in Public Policy, comparable to the Brookings Institution in Washington, D.C.—took the initiative. But in all six private sector initiatives, government was quickly drawn into the process as a key participant and sometimes as a financial supporter.

The important role of the private sector in both business and voluntary organizations raises a variety of issues. First, many people believe that governments are constrained by electoral cycles from thinking long-term about complex problems. The lack of thought has forced others to protect their own interests by taking a lead on issues normally seen as the competence of government. This does not mean that people have been seeking to replace government. Quite the contrary: government has consistently been drawn in as a vital partner. But participants have wanted to reopen and refashion political space so that new solutions could be found. Simultaneously, financial and ideological reliance on the state to solve social and economic problems has declined. In response, businesses have been increasingly asked to help: the private sector now provides more leadership than it did when solutions to public problems called for state intervention exclusively.

Another important feature of all these cases is that a respected figure or institution has endorsed the process and given it legitimacy. This endorsement has come from both private sector and public sector leaders. In Connecticut, the politician's backing was critical, since he was in a position to say, "If you agree on a solution, I can implement it," a promise largely accepted and believed by participants.

In other cases, however, the endorsement came from the private sector. In South Africa, a subject that had previously been taboo, the future of apartheid, was first brought into the open by Harry Oppenheimer, head

of the Anglo American Corporation. Not even a repressive government in South Africa would silence a business leader whose personal stature is legendary and whose company controls a large part of the South African economy.

### **The Full Swing**

- Building support
- Gathering the right people
- "Inform yourself"—"Know yourself"
- Using outsiders
- Clear tasks, schedules, and deadlines

There were many common features about getting these experiments up and running: the need to gather support, to involve good people, to engage in shared learning, and to set a good pace of work with clear goals and deadlines.

Building support included raising finances and gaining administrative approval. Instead of the slow slog encountered by many voluntary efforts, in most cases fundraising seems to have been the logical consequence of having decided to respond to the first call, the initiative of the individual. In this sense, it was simply the backing of a commitment that had already been made. It still took some time, as did the process of administrative approval: six to eight months in the case of the Canadian Round Table.

In all eight examples an effort was made to involve the right people. The word "right" actually has several meanings here. One concerns the quality of individuals—choosing people with ideas, imagination, and the ability to work collaboratively. "Look for good people," we were told; "Create a network of people who can continue to work together." Choosing the right people also means ensuring that all stakeholders have an opportunity to participate in the discussion. This was an important aspect of the Mont Fleur scenario exercise in South Africa. The 22 people on this team were not only multidisciplinary in their training, but also represented nearly the entire political spectrum in the country. Choosing the right people can also have a less formal meaning. In the Rijkswaterstaat it meant interviewing not just top level management, but managers two or three levels below the top. And it meant talking with both "club thinkers" and eccentrics in the organization, as well as seeing that the voices of both older and younger generations were heard.

This process of finding the right people was dynamic and renewable. As the work expanded, as new questions and issues arose, new people were drawn into the discussions and exercises others had begun.

The next step involved learning. "Inform yourself" and "Know yourself" were the watchwords at this stage of activity. Becoming informed included attending seminars about the external world or specialized topics, studying books about useful working tools (such as *Getting to Yes* by Roger Fisher and Bill Ury), gathering relevant statistics, and identifying people with useful knowledge. "Knowing yourself" included interviews with relevant people, sharing deeply held views, writing "future biographies" of your own career from the perspective of your old age, or simply (in the case of groups in conflict) shouting until the noise died down. Both kinds of learning—about the outside and the inside of one's own issues—have been important in these experiments.

All eight experiments also used outside advisors or facilitators—people who had managed such processes before or who had specialized knowledge in particular fields. These outsiders not only kept the discussion from becoming too introspective, but brought a degree of neutrality and professionalism to the proceedings, since their own personal interests were not directly at stake.

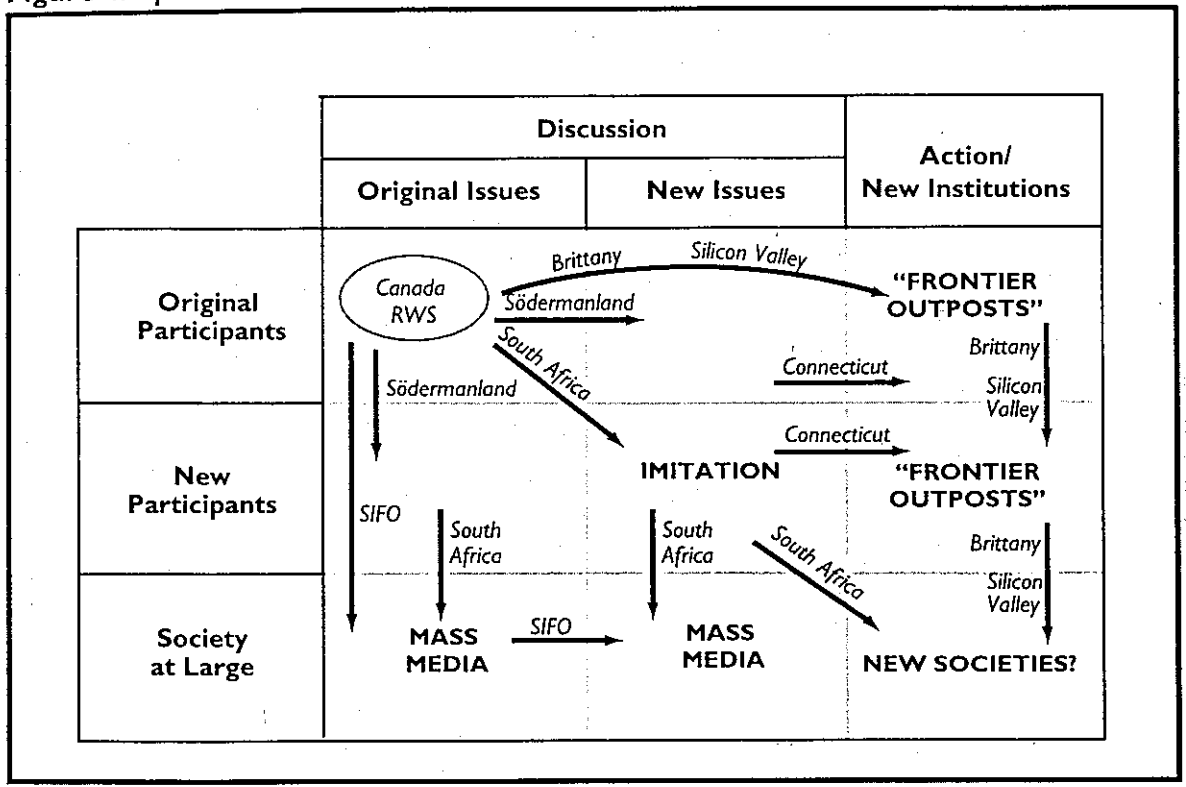
Finally, all eight involved some combination of regular meetings, high information content, clear goals, and deadlines to create and sustain the momentum of shared intensive learning. The pacing created by regular meetings was important, since without regularly scheduled work and accomplishments interest in the process might have been lost.

### **Spinoffs and Continuations**

In the absence of any statistical measures of success, we agreed on one simple criterion: does the process continue? All eight of our successes are still functioning in one form or another, and the results for each one are described in this section. The spinoffs and continuations have taken a variety of forms, which we have roughly captured in the matrix diagram of Figure 4.

There are a number of pathways through this matrix. One, represented by the oval, is simply to continue the original debate among the original participants by deepening the discussion among them. However, it has also happened that the original group has moved on to explore new

Figure 4: Spinoffs and Continuations



issues. Some of these discussions have then progressed further towards concrete actions and the early stages of new institutions—labeled here as “Frontier Outposts.” Alternatively, the debate may have continued on the original issues, but with new audiences. In some cases, this broadening of the debate to new participants has been taken into the mass media, especially television. This necessarily alters the form and process of the discussion, but serves to take ideas which had not circulated beyond a small number of people into a wider audience. Another spinoff of these experiments has been their imitation, where the process itself has been taken and applied by new participants to new problems. Both the narratives (see Appendix) and our diagram show that none of these experiences has simply come to an end; all continue to explore new frontiers of understanding and action.

### ***New Political Processes and Contemporary Politics***

Not only did each example demonstrate the role of leadership and individuals, the importance of shared collaborate learning, and the ability to move forward in new directions, but in some cases the exercises have even led to new institutions. It is therefore tempting to suggest from these eight experiences that we are witnessing the birth of new political



forms and social institutions. We must stress, however, that these are, for the most part, ad hoc initiatives, created in response to difficult and uncertain times. To what extent they will evolve into something other than transitional vehicles remains to be seen. In considering the possible evolution of this kind of exercise—which is not limited to these examples, but can be found elsewhere as well—this last section will consider the relation of this approach to some of the existing features of Western democratic systems.

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### **Who is This For?**

In September 1993, I asked Clem Sunter, who had led the Anglo American scenario study of South Africa, about using scenarios in Scotland. His immediate response was, "Who is this for?" and identified three possible audiences: policy makers, groups in conflict, and what he called "the road show," or a more popular audience.

In our eight examples, the principal client in every case has been policymakers, with wider audiences being reached more gradually. The definition of policymaker has, however, varied from one circumstance to another. In the Canadian example and the Rijkswaterstaat, it was senior civil servants and senior managers. In South Africa, if we look at the three scenarios exercises as a single process, the work began with the senior managers of major businesses, expanded to draw in members of government, and later included members of the principal opposition parties. In each exercise, the initial work was directed to the leaders of organizations, but was later broadcast to a wider public. The third exercise, the Mont Fleur scenarios, was also a good example of an exercise involving groups in conflict with each other.

A similar pattern of moving from a policy leading group to a broader audience can be seen in the two Swedish examples as well as in the Institut de Locarne and Silicon Valley. In these cases, leaders from key groups in society—government, industry, academia, and trade unions—participated in collaborative discussions, with the media being used at a later stage to involve a wider public. In Silicon Valley, the working groups were also open to anyone. Thus, even before television was used, more popular voices could be heard and incorporated into the thinking. This wider democracy also influenced the approach taken in Connecticut, where policy makers were defined to include both those who had historically formed policy and those who had been subject to such policies. In that sense, the Connecticut experience could be described as the most "radical" in traditional political terms.

## Role of Press and Politicians

In several Western democracies the press appears to function as a self-appointed opposition to whatever government is in power, a role that may well have increased popular distrust of government, politicians, and the press itself. Many people feel that both journalists and politicians have failed to define contemporary issues in a realistic and credible fashion and failed to find appropriate means to address those issues successfully. It is therefore not surprising that our eight examples demonstrate a certain ambivalence towards both of these mistrusted, but influential elements in society.

In our eight examples, the press and politicians each played three different roles:

### Press

- absent, or non-interfering
- use the medium, not the messengers
- as publicists and partners

### Politicians

- ignored or surrounded
- asked for endorsements or ratification
- involved as partners in full

These roles run from one that ignores both groups to one that treats them as full partners in the process. This variety reflects the fact that both the press and politicians are still powerful, despite the disillusionment of the public. Since both are capable of destroying any collaborative work that gets done, it makes sense to include them constructively wherever possible. Furthermore, given the inclusive style of all eight successful exercises, it is likely that the partnership model is the one that will be developed further. Steve Ellis, Director of the African Studies Center at Leiden, the Netherlands, and an astute political commentator observed of politicians that "if you don't include them, you lose."

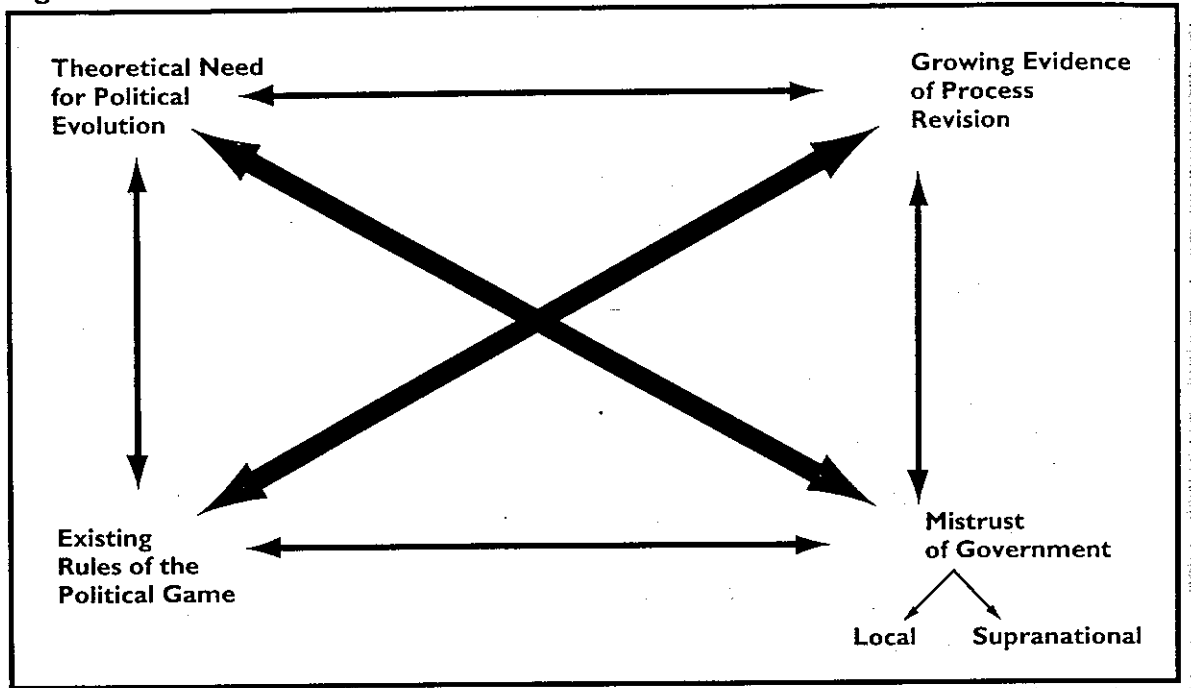
## A Creative Stew

As shown in Figure 5, at least four strongly flavored ingredients are stewing in the political pot right now:

- A *theoretical need* to redefine the nature and process of political agreement in order to build a new social and economic system.
- Growing *evidence of process revisions* like those described in this paper. One person we interviewed in Washington said that this kind of thing "is happening a lot more than people think...but people think of it differently."

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Figure 5: The Creative Stew and Its Tensions



- These experiments are taking place at a time when *government at all levels is mistrusted* and believed to be, if not the whole problem, then certainly only one small part of the solution.
- These shifts in the political ground are occurring while the *existing rules of the political game* are still in place and still functioning, however imperfectly.

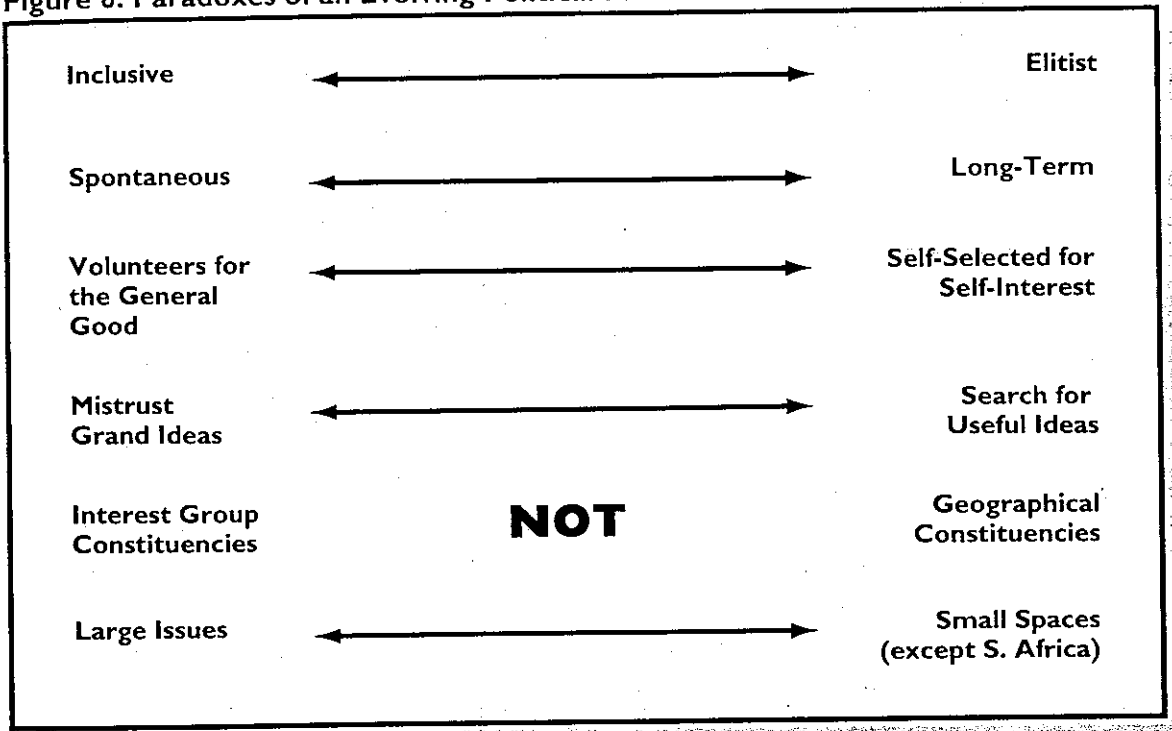
These four ingredients create a tension between emerging political processes and the existing rules which is likely to confuse and perplex us for some time to come.

### Deeper Paradoxes of an Evolving Political Process

However, this tension is more than simply a struggle between the old and the new. There are some revealing—even troubling—paradoxes in the experiments we have described which force us to question both the legitimacy of our eight quite exciting examples and the merits of existing constitutional agreements. A few of these paradoxes appear in Figure 6.

**Inclusive/Elitists.** These experiments have sought to be *inclusive* of representative interests and ideas, but have also been *elitist* in seeking to choose the best people to include.

Figure 6: Paradoxes of an Evolving Political Process



**Spontaneous/Long-Term.** These groups have also been formed *spontaneously* but are seeking to work on issues concerning the *long-term* future of their regions and societies.

**Volunteers for the General Good/Self-Selected for Self-Interest.** All of our examples also show people giving up their time in order to work *as volunteers for the general good*. Yet, it must be recognized that this voluntary participation also means that individuals are *self-selected for self-interest*. Indeed, if people's own hopes and ambitions were not involved it is unlikely that they would participate so willingly.

**Mistrust of Grand Ideas/Search for Useful Ideas.** Perhaps because of this acknowledged personal interest on the part of those involved, these groups show a great *mistrust of grand ideas* and theories. This also reflects a natural reaction to the failings of both the purely communist and capitalist ideologies. The lack of an intellectual structure, however, has led to a more pragmatic *search for ideas*. The pragmatism is quick and flexible, but may not always have an intellectual coherence.

Finally, at least two directly constitutional points force us to question the geographical basis of our representative democratic structures.

**Interest Group Constituencies not Traditional Geographical Constituencies.** Those who participated in these experiments have usually not represented geographical areas, but may represent a body of learning, a business interest, or a social group (like the unemployed) that is entitled to claim some attention from the wider society. As such, our political experiments have been based on *interest group constituencies not geographical constituencies*. This approach recognizes that complex problems must be addressed from several perspectives simultaneously so that an integrated response can be designed. It is less about dividing up existing resources than about learning to use those resources in a coordinated way.

**Large Issues/Small Spaces.** Finally, all these experiments have concerned *large issues*, discussed in *small spaces*: a county, a region, a state, a government department, etc. Even where a national issue has been involved—the future of South Africa, Sweden, or Canada—the conversation first took place within a small self-defined group of people gathered together in a single room. Again, this limitation may be necessary if complex questions are to be understood from multiple perspectives, since in difficult times such an understanding can only develop first among people who have learned to trust each other.

### **Conclusion: Politics, Trust, and Economic Development**

#### **Relevant Academic Research: Making Democracy Work**

That raises a final, vital issue: the importance of trust in times of great change. I am indebted here to research by Robert Putnam and his colleagues which was recently published in a book titled *Making Democracy Work*.<sup>4</sup> This study began about 20 years ago when the Italians decided to decentralize local government and granted to all the Italian regions the same budget and the same responsibility for providing local services. Putnam and his academic colleagues realized this was an ideal opportunity to study one of the perplexing questions of political science: how much is the effectiveness of any government determined by the rules of the game? Would they be able to see any appreciable change in the effectiveness of Italian local government following decentralization?

What followed was a rare longitudinal study of government. Briefly summarized, the researchers found that government everywhere did

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<sup>4</sup>Robert D. Putnam, with Robert Leonardi and Raffaella Y. Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton, NJ: Princeton University Press, 1993); a GBN Book Club selection for August 1994.

become more effective, but that the northern regions were more effective than the southern ones. They then looked for some explanation of the difference—political philosophies, wealth, education, etc. Only one correlation stood out: areas that had a large number of civic associations—mutual societies, trade unions, choral societies, football clubs, and the like—had more effective government.

In seeking to understand the importance of civic associations, Putnam and his associates built an argument around the role of associations in creating trust. As people work together voluntarily to accomplish a specific task (organizing a football league or training a choir) they come to know each other and build up a level of trust based on experience and observation. The relationships formed in one society are then multiplied in a network of relationships with people in similar societies, creating a strong web of experience, acquaintance, and trust. This trust is then provided, abstractly, to more distant organizations, such as a savings bank, a joint stock company or a local government authority.

In a more hierarchical society, however, the basic metaphor is not a web, but a maypole (see Figure 7), where each political relationship is based on the patronage accepted and offered between a strong individual and his or her followers. The lines of trust in this system are vertical, not horizontal. As a result, when men gather in the village square looking for a day's work, they do not league with each other to find or create better opportunities for themselves. Instead, they compete with each other for the attention of the patron handing out the day's jobs. Instead of depending on a network of interlocking relationships, one's support is dependent on attracting the attention of one's patron in the hierarchy.

This record of effectiveness in government, built on a culture of civic associations and a network of knowledgeable relationships, had one important additional distinction: it was not only associated with more effective government; it was also, in the twentieth century, associated with more prosperous economies. If that correlation is more than accidental, then Putnam's research is particularly important in the context of the experiments in political process we have just described.

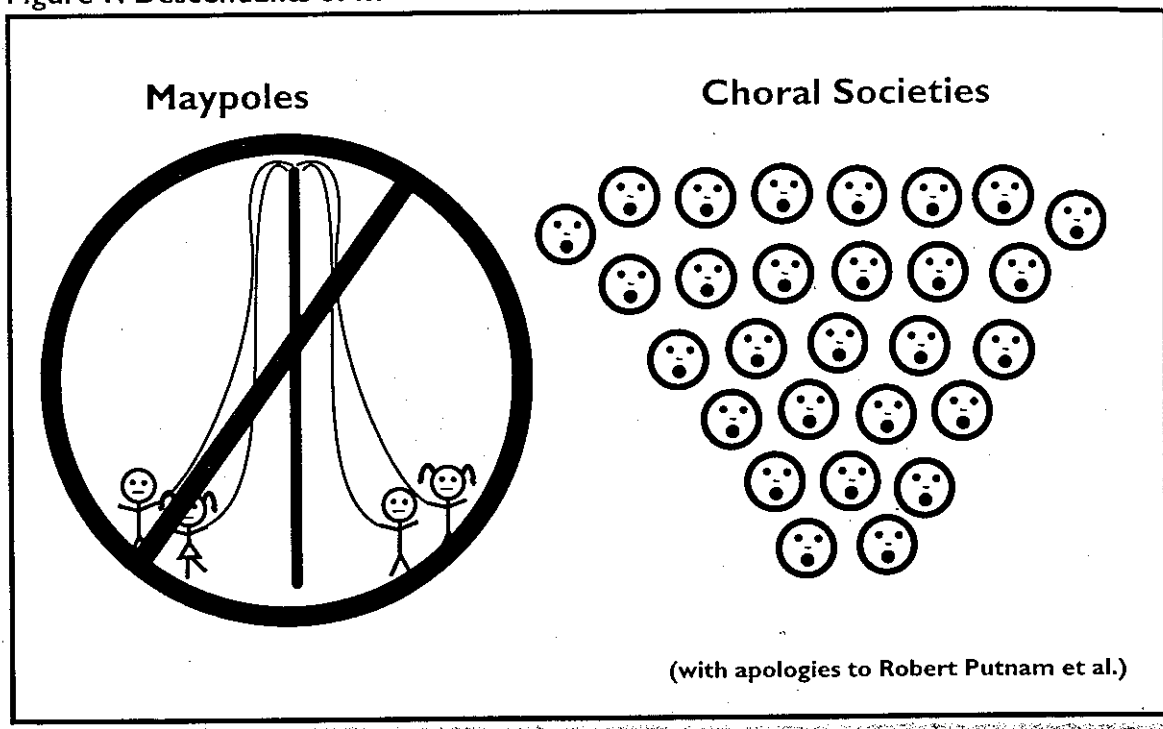
### **Final Thoughts**

This essay began with a discussion of economic development and the underlying need for social and political foundations that included the capacity for political agreement. We then discussed eight experiments in

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*These informal experimental groups could degenerate into new political factions, or they could be the precursors of a more articulate democracy.*

Figure 7: Descendants of ...



political processes which were working, in a novel fashion, to develop that agreement around complex public issues and areas of conflict. While all eight were effective at creating such agreement, they also threw up a number of political paradoxes: inherent internal contradictions as well as fundamental departures from existing political frameworks in democratic societies. However, in Putnam's framework, these experiments can also be seen as civic associations creating networks of trust which may prove to be particularly suited to the complex social economies of the twenty-first century.

Since doing our research in 1993, we have been hearing of more and more experiments in political process similar to those we have described here. They all seem to have been born of a sense of frustration with existing political institutions and a hope that more effective mechanisms for understanding public issues can be found. But at this point, how they will develop is anyone's guess. Over time, these informal experimental groups could degenerate into new political factions or crystallize into secretive, self-selected guilds of people who have declared—like medieval burghers—that they know what is best for society at large. Alternatively, they could be the precursors of a more articulate democracy: one where information is shared widely and used to develop responsible decisions about public

goods, rights, and requirements. Historically, there are probably more examples of fracturing factions and rigid oligarchies than there are of widening democracy. And yet, it is possible to imagine that political processes which are organized around the two requirements of "know yourself" and "inform yourself" could create capacities for political agreement that will help to redefine our society and economy for many years to come.



## **Appendix: The Eight Examples in Detail**

### **Connecticut: "Getting to Yes"**

In Connecticut, the state government had failed to pass its 1989-90 budget and the political discussion was increasingly polarized and unproductive. At that point, Wick Sloane, an executive with Aetna Insurance in Hartford (the state capital) and a GBN WorldView member, telephoned Tom Ritter, a state legislator. Wick suggested that negotiation and meeting techniques developed in the business world might be used to address public issues. Because a neighboring state, Massachusetts, had nearly come to blows over "redlining" (banks' refusal to mortgage properties in poor neighborhoods), they decided to test Wick's proposal on the question of mortgages in poor neighborhoods of Connecticut. Tom Ritter chaired the state banks committee and also represented the city of Hartford, so he saw the problem from both sides.

Together they arranged for five meetings between bank managers, neighborhood activists, Tom, and Wick. They hired a professional facilitator to run the meetings and sent all participants two books: *Getting to Yes*, which is about negotiating techniques, and *How to Make Meetings Work*, by David Strauss and Michael Doyle. These were the tools the participants would use. After considerable mistrust and hesitation in the first meeting, participants were thrilled with their own success and "high" on the experience by the third session. A common language had developed, legislation to increase information about mortgage lending had been passed, and considerable conflict had been avoided. The process was so successful that it was used again on other issues, most notably by Tom Ritter, who was elected Speaker of the House and used facilitated processes in his own party to get agreement on a state budget one month before the 1993 deadline.

### **Canada: Governing in an Information Society**

In Canada, Steve Rosell organized a dinner for senior civil servants in the Canadian government and presented a paper, "Governing in an Information Society." Steve had been in the Canadian cabinet office for many years, but was working with the Institute for Research into Public Policy. He was not at all certain what reception he would get to his paper, but the response was tremendous. The conversation continued quite late, and six to eight months later, Steve had established a round table discussion where the issues he had first raised could be more thoroughly

explored. The original mandate for this work was for two years, but it was recently renewed and there is now a waiting list of people who would like to participate. In July 1993, the Round Table developed scenarios of Canada's future, drawing on the learning they had done in the previous two years.

### **Brittany: Institut de Locarne**

The Institut de Locarne in Brittany, a rural area of northwest France, was begun by Josef le Bihan. Josef had been both a Green Beret in the French army and taught strategy at one of France's leading business schools. Several years ago he returned to Brittany and formed a club of local businessmen to look at ways they could improve the regional economy. They decided to form the Institut de Locarne and turned to Edouard Parker, among others, for advice. Edouard has been using scenario work for many years to help clients understand political risk in their overseas investments. His scenario work led to the identification of two possibilities for countries seeking economic growth:

"Colombianization"—a form of anarchy and disorder—and the "High Road," in which high economic growth meets social aspirations in a virtuous circle.

Edouard Parker had also identified rules for successful economic development—which he calls The Ten Commandments. He has now given several series of seminars for members of the Institut de Locarne and others in the region. His work has helped them define what they can do in Brittany to improve their own economic position and has brought a global view of economic developments to local businessmen. In February 1994, the Institut de Locarne opened its doors to a locally focused business school based in one of the poorest villages in the center of Brittany.

### **The Netherlands: Rijkswaterstaat**

The Rijkswaterstaat is a two-hundred-year-old organization in the Netherlands known in English as the Ministry of Transport, Public Works, and Water Management. For years it had been planning its activities the way engineers would plan the assembly of sufficient bricks to build an old-fashioned viaduct—as an exercise in ordering materials to specification which arrive at the appropriate time. However, managers were increasingly dissatisfied with this approach as they realized that values and expectations for their work were changing in society around them. They therefore decided to initiate an experimental scenario exercise among the senior management teams, who were described as the "key strategists" of

the organization. This was largely an internal exercise for a major infrastructure bureaucracy in the Netherlands. It also represents some of the leading thinking in scenarios and organizational learning, as well as being an example of the use of scenarios by a public sector organization.

### **Silicon Valley Joint Venture**

In the Silicon Valley, Jim Morgan, Chief Executive Officer (CEO) of Applied Materials, called a lunch meeting of other chief executives in the region. They were concerned that businesses were leaving the area and that they were not maintaining the quality of life many had moved to Silicon Valley to find. They launched a public/private partnership to consider the future of Silicon Valley. The companies contributed \$1 million, the Stanford Research Institute was commissioned to write a study of the Valley, including scenarios, and within a year and a half the process had begun. A number of task forces were assembled to look at particular social, business, and infrastructure issues, and by March 1993 each task force presented its ideas to an assembled board of public and private sector leaders. Fourteen of these ideas were chosen for further development and there are now groups looking for ways of promoting these initiatives.

### **Sweden: SIFO Multiclient Study**

This exercise was begun by Bo Ekman, the President of SIFO, a Swedish consultancy firm in Stockholm which has long used scenarios in its work. Several years ago, Bo became convinced that Sweden was facing a crisis and began by delivering a talk to the clients he knew. They decided to share the cost of a multiclient scenario exercise about the future of Sweden. This work eventually included representatives from local government and from some of the trade unions. As the work was finished, the group decided it should receive wider publicity and arranged with Swedish public television for a day-long program on a Sunday in April 1993. It was watched by one million people, half of whom viewed it for over an hour. Another program, broadcast in November 1993, was also a great success. The team is now assembling a Group of Eminent Persons to take things another step further.

### **Sweden: Södermanland County Administration**

Södermanland is a rural county south of Stockholm. This work began in 1987 when Peter Eklund of the county administration began holding a series of seminars. This led to a Structure Sketch for the Year 2010, a

scenario study involving many different interest groups in the region, to examine the best layout of a high-speed railway infrastructure between Sweden and the mainland of Europe. Gradually, more and more people were involved in this work, from both surrounding counties as well as from other government bureaus and local industry. Peter's teams have also undertaken and led similar work on the development of industry in the region and on the research and educational resources of the area. This is the oldest, continuous exercise in our group and the only current example led by a government body.

### **South Africa: Scenarios of the Future**

This example is really three scenario exercises. However, each one built on the one before, so they are considered as a single experiment. The work began in 1983 when Harry Oppenheimer, the head of the Anglo American Corporation of South Africa, asked Edouard Parker to present his 1976 scenarios for South Africa. Anglo had already begun to develop global scenarios, but this was the first look at the more volatile environment of South Africa itself. Following Edouard's presentation and a week of discussions, Clem Sunter (now head of Anglo's Gold Division) was appointed to develop a set of South African scenarios for the company. He worked closely with Pierre Wack, the man who had first introduced scenarios to Shell. When these scenarios were finished, Clem spent another year giving presentations to members of the government and anyone else who asked for a talk—whether these were radical groups in Soweto or ladies clubs in the Kahroo.

In 1990, following President de Klerk's speech unbanning the African National Congress (ANC), two financial houses, Nedcor and Old Mutual, decided to develop a new set of scenarios. They called on the advice and help of Clem Sunter and others involved in the earlier Anglo American work. Although it began with a focus on the financial sector, it gradually drew in many members of the business community and government. This work was also widely presented to both government and opposition groups in the country.

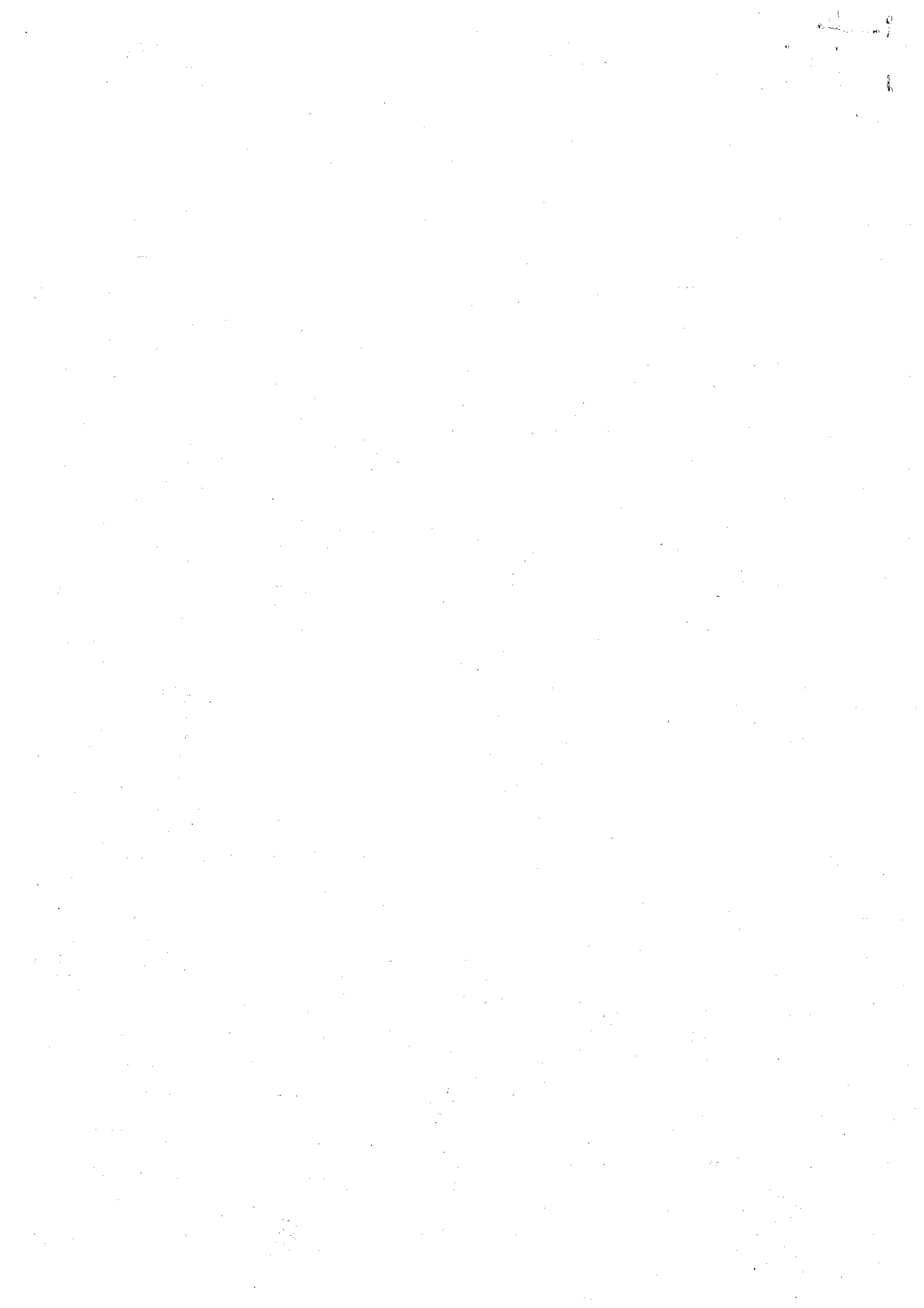
A year or two later, another group was begun at the University of Cape Town to develop scenarios that would reflect the thinking of people from outside the business community. While the first two scenario exercises had involved considerable academic research, this work was very different. Here, the various groups in conflict in South Africa met at Mont Fleur and everyone proposed the scenarios they thought or hoped might

develop. This gave people a chance to express their own visions of the country's future. Eventually, with facilitation by GBN associate Adam Kahane, 30 stories were winnowed down to nine, which were further refined to four very powerful expressions of how South Africa might develop.<sup>5</sup>

More recently, many other localities and groups in South Africa have begun to develop scenarios of their own.

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<sup>5</sup>The Anglo American and Nedcor-Old Mutual Scenarios are described in: *South Africa: Prospects for Successful Transition*, Bob Tuckey and Bruce Scott, eds. (Kenwyn, South Africa: Juta & Co., 1992); and two books by Clem Sunter: *The World and South Africa in the 1990s* (Capetown: Human & Rousseau Tafelberg, Ltd., 1987); and *The New Century, Quest for the High Road* (Capetown: Human & Rousseau Tafelberg, Ltd., 1992). *The Mont Fleur Scenarios*, a newspaper supplement published by the *Weekly Mail* and the *Guardian Weekly* (Bellville, 1992), is available from GBN.



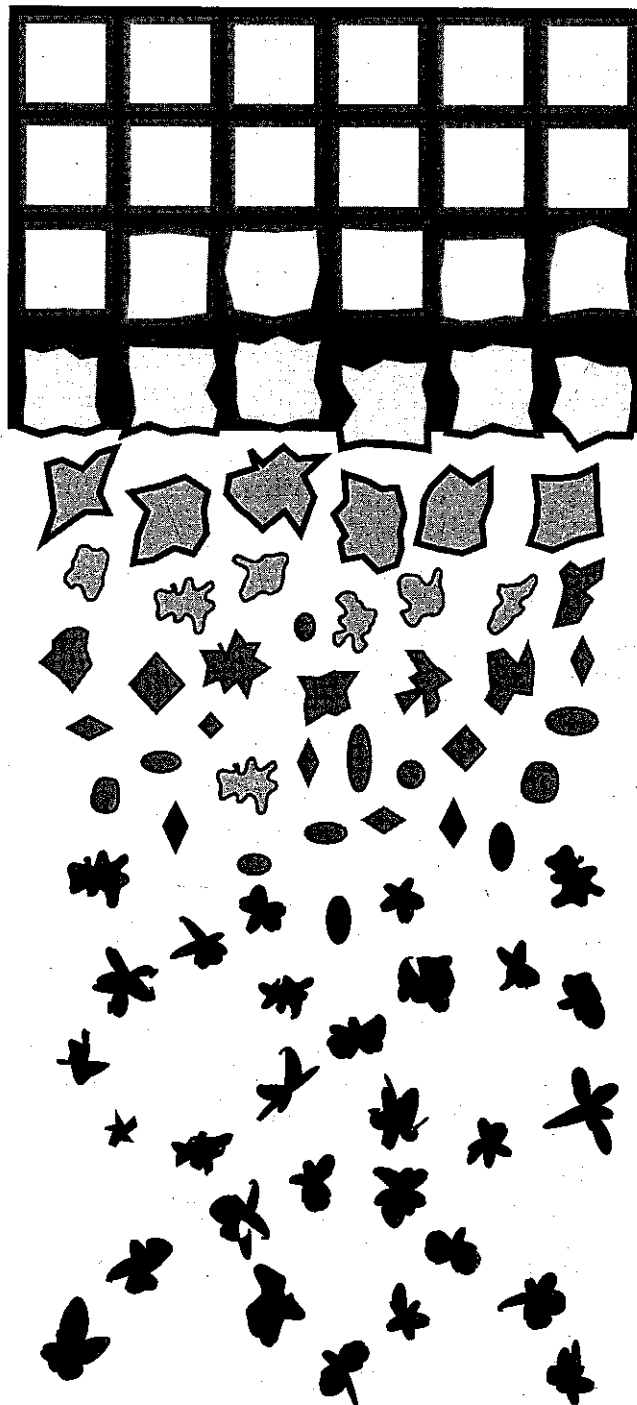
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