To: Winograd Committee

From: The Reut Institute

Subject: A Strategic Support Unit for the Prime Minister

Executive Summary

The Second Lebanon war ended with the concern that the conduct and performance of the political and military leadership before and during the war was unsatisfactory. This concern led to the establishment of the Winograd Committee in order to evaluate, among other things, the institutions and decision-making processes that influenced the management of the war.

The Reut Institute contends that **most of the management problems exposed before, during and after the war derive from structural failures** related to the electoral system and the structure of the Government of Israel, as well as to the weakness of the Bureau of the Prime Minister'. These failures will re-occur unless a structural change is made.

The two major structural problems in Israel's national security conduct are: (a) **The gap between the weakness of the tools at the government's disposal and the magnitude and complexity of the challenges it faces;** (b) **The gap between the weakness of the PM and the strength of the professional bureaucracy**, which compromises the ability of the PM to design policy in areas in which neither he nor his team have sufficient knowledge or experience.

The implications of these structural weaknesses are exacerbated due to the gap between the dominance of the defense establishment, on the one hand, and the shift of Israel's national security challenges to the non-military realm, on the other hand (see Appendix A of Reut's document to the Winograd Committee).

The weak link of Israel's policy apparatus is the PM. In the absence of an overhaul of the election system, the PM has to be strengthened. A more effective National Security Council (NSC) is not enough. Even if the NSC grows in size and has full access to national security decision-making, it will not improve the ability of the PM to shape policy or to deal with an empowered national security advisor.

Therefore, **Reut recommends to establish a Strategic Support Unit in the Bureau of the PM:**

1. **The Aim: To help the PM ask the right questions** – The unit will specialize in preparing the PM for meetings and discussions with the professional bureaucracy in order to help the PM fully evaluate the alternatives that are presented.

2. **Unique Added Value: Revealing working assumptions presented to the PM and identifying blind spots** – The Strategic Support Unit will specialize in exposing tacit working assumptions and testing their relevance based on the information presented to the PM and other sources. The Strategic Support unit *will not* independently collect or analyze intelligence information, nor will it plan policy or monitor its implementation.

3. <u>Size</u>**: 6-10 government employees working under the Chief of Staff of the PM;** <u>Code of Conduct</u>**: Military-intelligence;** <u>Training</u>**: Multidisciplinary.**

This document deals with the design of national security policies by the Bureau of the PM. Nonetheless, its contents are also relevant for civilian spheres and for other government agencies.

Introduction

1. The Reut Institute is a non-profit organization founded in January 2004 in order to offer strategic decision-support services to the Government of Israel. Reut provides its services on a *pro-bono* basis to all government agencies. Reut's unique added value is in our expertise in revealing working assumptions of policy and testing their relevance in a changing environment.[1]

2. **The Challenge: Designing policy in a complex and dynamic environment –** The essence of the challenge facing Israel and Reut is the difficulty in designing relevant and effective long-term policies in a complex and dynamic environment in short time frames.

3. **The Bureau of the PM is the weak link –** The Bureau of the PM is weak, small and short on resources in terms of its capacity to support the PM in thinking systematically on complex national security issues. This is in spite of the abundance of resources that seem to be at its disposal through the power granted to it to ask all government agencies for their assistance.

4. The Second Lebanon War ended with concern that the conduct of the political and military leadership before and during the war was unsatisfactory. This concern led to the establishment of the Winograd Committee in order to evaluate, among other things, the institutions and decision-making processes that impacted the outcome of the war.

5. **The problem is structural** – A substantial part of the management problems that were exposed before and during the war derive from structural problems linked to the electoral system and to the structure of Israel's government and not from circumstantial failures connected to specific individuals. These failures have occurred in the past, occur in the present and will continue to happen in the future without a structural change that will enhance the power of the PM to take better decisions.

6. In this context, there are two major structural problems in Israel's national security:

    a. **Gap between the weakness of government and the magnitude and complexity of the challenges it faces –** The complex challenges facing Israel require conduct that is based on long-term, collective and substantive considerations. In contrast, Israel's electoral system create strong incentives for short term, sectarian and populist conduct.

    b. **Gap between a weak PM and a strong professional bureaucracy** – The weakness of the PM and his / her Bureau stems from two major problems:

        1) **Integration** – Israel suffers from a structural weakness that hinders our ability to integrate inputs of various government agencies into long-term systemic thinking from the perspective of the PM;

        2) **Absolute dependency on the professional bureaucracy for the design of policy –** The PM is fully dependent on the professional bureaucracy for the

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[1] Reut's work is based on a unique package of theory, methodology and software supplied by the Praxis Institute headed by Dr. Zvi Lanir (www.praxis.co.il).

design of policy. This dependency is particularly problematic in areas in which neither the PM nor his / her team have professional or personal experience.

7. **The implications of these structural problems will be exacerbated** – The significance of these structural problems will worsen due to the shift of the center of gravity of Israel's national security challenges from the military to the non-military realm and the growing need to conduct inter-disciplinary and cross-agency national security policy.[2]

8. The aim of this document is to describe the aforementioned structural problems and to suggest a reform for dealing with them within the framework of the current electoral system.

9. This document deals with the management of national security policies by the Bureau of the PM, but its content is also relevant for other civilian and governmental fields.

Gap No. 1: Weak Tools Confront Great Challenges

10. **Israel is dealing with a unique challenge of governance –**

   a. **Internally: Complex Challenges –** Israel is a small global economy with no significant natural resources that is not part of a large trade bloc. Israel must deal with complex relations between its Jewish majority and Arab minority and the address the severe strain on its natural resources and the need to ensure sustainable development;

   b. **Externally: Permanent Resistance in an unstable and volatile environment –** Israel the only country that faces permanent resistance to its very existence. In addition, Israel's strategic environment is exceptionally unstable and volatile.

11. **Permanent challenge of updating national strategy** – In this context, Israel is faced with a unique need to constantly update its strategy while dealing with "adaptive challenges". Adaptive challenges are characterized by the difficulty in defining the essence of the problem and therefore by the difficulty in providing suitable solutions. Moreover, the constant changes repeatedly expose gaps between the values and priorities of the society and the divergent reality which require the work of leadership.[3]

12. **Unique need for effective governance** – Therefore Israel has a unique need for good governance that is able to design long-term systemic policies and to translate them into planning and implementation through continued cross-agency cooperation.

13. **Israeli governments have a hard time governing –** The current electoral system generates short and unstable tenures[4] and fragmentation in the legislative and executive branches. This trend has worsened since the 1970s and reached its peak during the period of 'direct elections' between 1992-2001.

14. **Hence, a structural gap exists between the magnitude of the challenges and the weakness of the government** – This gap is exemplified in the nature of incentives applied to

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2   This issue is dealt with in Appendix A of the Reut's Document to the Winograd Committee that deals with Updating Israel's national security strategy following the Second Lebanon War.

3   See the concept "Adaptive Work" in Heifetz, Ronald, **Leadership without Easy Answers**, Cambridge: Harvard Press, 1997, pp. 8, 35.

4   According to the Citizen's Empowerment Center for Israel (CECI), since the establishment of the state, there have been 31 governments (average tenure of 2 years). Only 2 governments have served their full legal term of 4 years. For example, there have been 10 different Finance Ministers in the last decade and 5 different Transportation Ministers in the past 5 years. See http://ceci.org.il.

decision-makers. The challenges facing Israel require designing long-term policies based on collective and substantive considerations. However, short tenures, lack of stability and fragmentation in the legislative and executive branches create powerful incentives for sectarian, populist, and short-term policies. The Government of Israel is one of the weakest among developed countries.[5]

15. **The defense establishment is an island of stability** – Since the establishment of the Israel, the defense establishment – the IDF, the *Mossad*, the *Shin Bet*, and, to a lesser degree, the police – has been managed on a different code of conduct than the civilian authorities. The principle differences include relatively long and stable tenures, professional appointments, multi-year development plans and a budget that is approved as a package and not one budget-line at a time as is the case in the civilian bodies. Hence, the defense establishment has the capacity to plan and implement policies more efficiently than other state agencies.

16. **However, Israel's national security bodies suffer from the illnesses of Israel's political system** – The work of designing Israel's national security policy is done by the Bureau of the PM, the NSC and key relevant ministers such as the Minister of Foreign Affairs, Defense and Finance. This group of people suffers from all the illnesses of Israel's governance and, hence, has a hard time designing, planning and implementing national security policies:

   a. **What is Israel's National Security Establishment? What are the issues it deals with and who are its members?** – The State of Israel has not defined its national security establishment, the issues that are dealt within this framework, and the bodies that are members of this group. For example, are issues such as economy, foreign trade, public diplomacy, international law or the Israeli-Arab minority included in the national security realm? Are the bodies that deal with these issues part of the national security establishment? And if so, in what way? These questions have not been addressed.

   b. **Two out of three senior ministers are rivals of the PM** – Due to the electoral and political system, in almost every government, two out of the three senior ministers of Finance, Foreign Affairs and Defense, are political rivals of the PM either from within his / her party or from another party. In other words, every crisis in Israel's national security is conducted at a time when those sitting in the 'cockpit' are looking to remove the 'captain' and take control themselves. This rivalry often trickles down to the professional bureaucracy.

   c. **The challenges are systemic; the responsibility is divided** – Issues such as international trade, international law, media and public diplomacy require a systemic approach and cross-agency cooperation in design, planning and implementing. In practice, each of these issues is conducted by a number of different ministries headed by rival politicians with short tenures. Therefore, many issues fall between the cracks and are not dealt with properly.

17. **The Israeli-Arab conflict is a source of instability; Most PMs have one significant political move** – The Israeli-Arab conflict creates the deepest rift in Israeli politics. Therefore, the weakness of the government is most visible around this issue. The capacity of the PM to promote significant political moves vis-à-vis the Palestinians is extremely limited. Most coalition agreements contrast with the positions needed for advancement of a political process with the Palestinians.

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[5]   See Reut comparative overview: "Public Sector Puts Brakes on Top 15 Agenda".

Therefore, generally, every Israeli PM has 'one political bullet in the barrel' vis-à-vis the Arab world, i.e., one significant political move after which the coalition will break apart and elections will take place. This reality undermines Israel's ability to conduct consistent and continuous policies vis-à-vis the Arab side, including the Palestinians, Syria or Lebanon.

Gap No. 2: A Weak PM Engages Strong Professional Bureaucracy

18. **Apparently a 'bottom-up' approach: the professional bureaucracy suggests and the PM decides** – The accepted perception in Israel with regards to decision-making is that the professional bodies are responsible for the framing of policy alternatives, their evaluation and presentation to the PM who has the power to decide among the choices presented or to change them. In other words, policy design, planning and implementation flows from the professional staff, to the political echelon and to the PM.

    This perception was expressed by PM Olmert during the Second Lebanon War when he said: "There was no suggestion the IDF made that was rejected" or "the IDF is responsible for formulating plans of action and the government approves them".

    Clearly, like in the case of the Disengagement Plan, sometimes the PM designs policy and imposes it top-down on the professional bureaucracy. But in most cases and issues, policy is designed in Israel on a bottom-up basis.

19. **In certain circumstances: bottom-up will lead to grave disappointments** – The 'bottom up' approach to decision-making may lead to grave disappointments at times when fundamental changes occur in the external reality. In such circumstances, in spite of the need to change course, the professional bureaucracy has a strong tendency to persist with its worldview, policies, plans and standard operating procedures by force of inertia. Working assumptions that were framed at some point in the past continue to shape policy past their outliving their usefulness.

    In these situations, the 'bottom up' approach may lead to gaps of relevancy that can only be closed through the intervention of the PM or when a crisis has already occurred that forces the professional bureaucracy to change its view.

20. **In Israel, a bottom-up approach is particularly problematic** – Against the backdrop of the large number of 'adaptive challenges' facing Israel, the 'bottom up' decision making process is particularly problematic for the following reasons:

    a. **The perspective of the PM is different from that of the professional bureaucracy** – The PM's perspective represents the meltdown of *all* national considerations of security, international status and relations, economic, trade, law, social issues, etc. *However,* the perspectives of the agencies serving the PM are biased due to personal and organizational considerations and incentives.

        Therefore, it *can not* be assumed that policy alternatives and recommendations presented to the PM express all national considerations.

    b. **In important issues, the PM is the integrator of national security policies (and it shouldn't be this way)** – In Israel, in many instances, meetings with the PM are the place where each of the major bodies – the Foreign Ministry, the Defense Ministry, the IDF or the General Security Service – present their perspectives. The PM is supposed to integrate all their inputs into one 'policy package'. In other words the PM is the often the integrator of Israel's national security policy.

This integration is very complex due to the many systemic linkages among political, military, legal and other considerations. Integration *can not*, and *should not*, be done by the PM or her Bureau.

In Israel, the process of policy integration is even harder due to the imbalance within the national security establishment. The defense establishment is significantly more powerful, richer, and with better access than other bodies that make up the national security establishment, primarily the Foreign Ministry and the NSC.

In the US and UK, the bottom-up structure is based on the assumption that integration is done on the staff level. In these countries there is greater cooperation between the ministers because they come from the same party (in the UK), are appointed by the PM / President, are committed to her. This is not the case in Israel.

c. **The defense establishment is dominant; The PM relies on the professional bureaucracy while the professional bureaucracy relies on the PM –** In practice**,** the defense establishment – mainly the IDF, the *Mossad* and the *Shin Bet* – make up the backbone of Israel's national security establishment. This is in spite of their multiple weaknesses that undermine their ability to offer the PM effective support in designing national security policies:

1) **The defense establishment wants the PM to pull the brakes –** The incentives of the defense establishment are to highlight military threats, to oppose withdrawals, to question diplomacy and to suggest offensive military operations. It is good for their image and for budget battles. From their perspective, it is preferable that the political leadership pulls the brakes.

    However, the political echelon is not always able to restrain the army due to a combination of a culture of leaking internal discussion, absence of credible political and civilian alternatives and considerations of popularity. Therefore, sometimes military suggestions become policy as a default.

2) **Organizational aggression –** The defense establishment enjoys abundance of human and financial resources to design and plan policy; to create facts; to collect intelligence, to control its distribution and to compartmentalize other agencies whose input is relevant to the decision-making process. Hence, often, other government agencies don't get a fair opportunity to contribute to the design of national security in spite of the fact that their input may be equally relevant and constructive.

3) **Education and experience in the defense establishment are not always relevant to national security –** Most senior officers in the IDF are promoted due to distinguished service in the field commanding operational units. Their education, training and experience are focused on understanding the enemy, developing military capabilities and courage and leadership in time of battle.

    Designing national security policy and coping with conflicts in which the military component is *not* central requires a different background of rich historical, sociological, demographic, legal, diplomatic and economic understanding. Such an understanding is hard to develop within a military organization, which promotes people whose primary skills are soldiery, management and command.

Moreover, such education and training for national security leadership should be offered in the National Defense College. However this body is also run and headed by the IDF.

Finally, national security policy should have been designed by the the NSC. However, this is not the reality.

4) **Political careers in the making –** Many of the heads of the IDF and other security bodies are preparing their own political careers while still in uniform. Their personal plans inevitably affect their service of the PM. The new law that mandates a "cooling-off period" is important but applies only to the Chief of Staff and not to the heads of the *Shin Bet* or *Mossad*.

5) **The Bureau of the PM is weak –** The Bureau of the PM plays a central, sometimes decisive, role in designing Israel's national security policies.

However, the bureau has a handful of people that handle national security matters and a meager budget. The NSC is also meager in resources and personnel.

Thus a structural asymmetry exist between the PM and his bureau, on the one hand, and the professional bureaucracy led by the defense establishment, on the other hand. This asymmetry compromises the ability of the PM to think systemically and amplifies security and military considerations.

This may be part of the reason why Israel repeatedly fails to win in conflicts in which the military component is not the central one such as with the Palestinians or in Lebanon.

d. **The professional bureaucracy 'doesn't know that it doesn't know' and exposes the PM to strategic surprises –** All the intelligence agencies and planning bodies that serve the PM collect, analyze and distribute information and assessments regarding issues that are 'known unknowns'. These issues constitute the vast majority of the national agenda and consume most of the time of the PM.

However, strategic surprises incubate elsewhere in areas that are 'unknown unknowns'. In these areas, no information is collected and therefore not processed either. These areas are created due to working assumptions that were framed at some point in the past, grown to be taken for granted but rendered irrelevant.. The majority of these assumptions are hidden and tacit.

Therefore, if the professional bureaucracy, and specifically the military and defense establishment, have the mandate of framing policy alternatives, the PM is exposed to strategic surprises that derive from their 'blind spots'. The professional bureaucracy doesn't know that it doesn't know, and therefore neither does the PM.

e. **The professional bureaucracy tends to present the PM with alternatives from within the conception –** Because most of the working assumptions are tacit or taken as a given, most of the ideas that are brought to the PM are often variations within the same conception. The PM is rarely exposed to a discussion between two different worldviews based on two separate sets of working assumptions.

Conclusions

21. **The Second Lebanon War was a symptom** – The conduct of the government before and during the Second Lebanon War has once again exposed a structural gap between the capacity of the central governmental bodies in Israel to design national security policy and the growing challenges Israel faces. The disappointments should not be viewed primarily circumstantial of personal but rather as a symptom of systemic structural shortcoming.

22. **The root of the problem is the electoral system; its weakness requires an organizational and institutional reform** – The root of the shortcomings exposed during the Second Lebanon War is the electoral system in Israel which creates short and unstable tenures and fragmentation in the legislative and executive branches. Moreover, it creates incentives for short term, sectarian and populist behavior.

    Addressing this weakness requires an organizational and institutional reform. Such a reform should enhance the prospects of government agencies working together to design, plan and implement policy.

23. **In the current system, the weakest link is the Bureau of the PM; it must be strengthened** – Facing mounting and increasingly more complex challenges, a critical weakness has been exposed at the head of the system. This weakness derives from the absence of tools, budget, human resources and accepted procedures in the Bureau of the PM. Hence, it must be strengthened and its capacity to design, plan and follow-up on implementation of national security policies must be improved.

    Strengthening the NSC is essential though insufficient – Strengthening the NSC is essential for strengthening the capacity of the Bureau of the PM to ensure proper integration of policy between the military-security sphere and the civil-political-legal-economic one.

    However, it is not enough to strengthen the NSC. Even if the NSC becomes a well-budgeted body with complete access to decision-making processes, it will *not* address the weakness of the Bureau of the PM. In such a reality, the National Security Advisor, heading the NSC, will become the most important person in Israel's national security establishment in stead of the Chief of Staff.

    Nonetheless, the PM will remain weak in terms of his / her capacity to evaluate the recommendations of the national security advisor and to check their relevance.

24. **Improving the interface between the PM and the professional bureaucracy** – The interface between the PM and the professional bureaucracy is the weak link of Israel's national security establishment. Its reform is crucial.

    The purpose of this reform should be to ensure a thorough discussion of the effect that the PM wants to create, the strengths and weaknesses of Israel and its adversaries, and the insights regarding the playing field. Based on a shared comprehension policy can be designed.

    The focus or Reut's recommendations will be this issue.

Recommendations

25. The recommendations in this document are based on two conclusions**:**

   a. As long as the current electoral system persists, the Bureau of the PM needs to be strengthened;

   b. Strengthening the NSC is essential for improving the integration of national security policy and for strengthening of the non-military component of national security.

26. Based on these two recommendations, Reut recommends to establish a Strategic Support Unit in the Bureau of the PM with the following framework:

   a. **The Aim: To help the PM ask the right questions** – The Strategic Support Unit will specialize in preparing the PM for meeting with the professional bureaucracy in order for the PM to be able to fully evaluate the alternatives that are presented to her.

   The professional bureaucracy provides answers to the questions and needs of the PM. In contrast, the Strategic Support Unit will specialize in designing the questions that the PM will ask the professional bureaucracy before and after their alternatives and recommendations are presented.

   b. **Unique Added Value: Revealing working assumptions and identifying blind spots** – The Strategic Support Unit will specialize in revealing tacit working assumptions and testing their relevancy based on the information presented to the PM and other non-classified sources of information.

   The Strategic Support unit *will not* collect or analyze intelligence data independently, or plan and implement policy.

   c. **The perspective of the PM –** The Strategic Support Unit will focus on the comprehensive perspective of the PM and aid him in identifying considerations that are not naturally taken into account by the professional bureaucracy.

   d. **Interdisciplinary background** – It is important that members of the Strategic Support Unit have diverse knowledge in fields related to Israel's national security such as economics, military and security, media or international relations. In addition, it is important that its members have intimate acquaintance of the central bodies of national security such as the IDF, the *Shin Bet* or the *Mossad*, the Foreign Ministry and the attorney general.

   e. **Size: 6-10 people working for the Chief of Staff of the PM; Code of Conduct: Military-Intelligence –** To ensure absolute overlap between the agenda of the PM and that of Strategic Support Unit, Reut recommends that it would be placed under the PM Chief of Staff. We estimate that such a unit could number 6-10 state employees that have to be subject to the code of conduct of the intelligence agencies to prevent leaks.

End.