Evidence submission – ‘Connecting Scotland: how the Scottish Government and its agencies engage internationally’

Daniel Kenealy, 3 February 2015

Summary

1. This evidence relates to the situation in which Scotland remains a part of the UK. It is also largely confined to the workings of the Scottish Government (as opposed to the various agencies), as that is what I am most familiar with. Two bodies of academic literature and my own research of the Scottish Government’s external policy over the past 3 years inform this submission. First, there is an interesting literature on the concept of ‘para-diplomacy’, that is the external policy of sub-national authorities. Second, there is a growing literature on ‘small states’. Whilst small states have a qualitatively different standing in world politics than sub-national authorities there are, nevertheless, lessons that can be learned.

2. A further distinction should be made, at the start, about how policy success can be measured, between policy geared towards the winning of resources, money, a share of trade, etc., and policy geared towards advancing ideas, norms, and values. Crudely put this might be termed the difference between hard power and soft power. Whilst the former is somewhat susceptible to metrics and measurement, the latter remains more elusive and is better studied/captured through process tracing and narrative-based case studies.

3. Steil and Litan³ conceptualise statecraft as being pursued through: words and propaganda (information); negotiations and deals (diplomacy); weapons and violence (force); and goods and money (economics). Sub-national authorities participate, broadly speaking, in statecraft “through their use of information, diplomacy, and economics”.⁴ An effective external affairs policy will thus harness those three factors, bringing them together into a coherent whole. From the literature on both para-diplomacy and small state foreign policy it is fair to say that an effective policy would be one that is focused, resourced, and evaluated.

Is there a clear, coherent and well-resourced strategy for European and international engagement within the Scottish Government and its agencies?

4. Taken together the Scottish Government’s EU Action Plan (2009) and International Framework (2012) provide the broad contours of an external strategy. The documents are relatively brief and do not specify many clearly defined outcomes/metrics (I return to the issue of measurement below). If one compares the documents to those of the Basque Country and Catalonia then they may seem to be lacking in terms of clear measures, indicators, and timescales. However, there is a question about how measurable much of this activity might be and a broader debate about the target culture.

5. In terms of resources the budget for Culture and External Affairs, with the Scottish budget, has been increased for 2015/16.⁵ The budget has increased in real terms by 13.7% for Europe and External Affairs. The budget for Culture has increased from £150.6 million to £174.7 million. In a time of cutbacks and austerity it is encouraging to see that an area that might, to some, seem low hanging fruit has not been targeted for deeper cuts. On balance and comparatively this seems to be a reasonable commitment of resources.
6. It is important for sub-state authorities to have a clear sense of when it is best to seek influence directly and when it is best to seek influence through the state of which it forms a part. The relationship between Scottish Government External Affairs and the Foreign and Commonwealth Office is robust, at the level of officials. The FCO’s devolution unit, housed within its EU directorate, maintains the link but the relationship is also supported by official contact at the highest level. Similarly, the Scottish Government has appropriately strong relationships with officials in, for example, the Cabinet Office and the Home Office on relevant international/external policy areas.

7. Within the Scottish Government a restructure has just been implemented, with the Culture directorate re-joining the External Affairs directorate after a number of years of separation. Whilst all restructures bring with them short-term dislocations this one seems particularly appropriate given the inter-linkages between culture and external affairs, and the growing role of cultural relations/diplomacy in foreign policy broadly. The Cabinet Secretary will now have a more streamlined and, one hopes, efficient bureaucratic structure. In the context of a new Scottish Government, with a DFM empowered to coordinate and join-up policies across portfolios this change is to be welcomed.

8. The Cabinet Secretary, Fiona Hyslop, has described the External Affairs directorate as working on a hub and spoke model. Anecdotal evidence suggests that this vision is being implemented, with External Affairs working to coordinate other directorates involved in policy that has an external dimension. Further and closer academic study would be required to speak authoritatively on this.

Has the international strategy enabled “Scotland to flourish on the international stage, thus increasing economic growth for Scotland”?

9. This brings us to the issue of measuring the effectiveness of policy, something to which I return in a subsequent section in more depth. The recently published Global Connections survey would suggest that the international strategy is contributing to Scotland’s successful performance in exports with £27.9 billion worth of Scottish goods and services exported in 2013, an increase of 7.2% on the previous year. Scottish Development International works closely with overseas missions and the External Affairs directorate in pursuit of the target of an increase in exports of 50% by 2017.

10. The picture may be a little more mixed when we move away from something relatively objective such as trade figures. Consider that the 2014 Anholt-GfK Roper Nation Brands Index saw Scotland’s reputation in China low (ranked 23rd out of 50). This is despite on-going efforts by the Scottish Government to forge stronger links with China.

What can be learnt from the approaches of other sub-state governments? In particular, how do the EU and international offices of other sub-state governments operate and what tangible outcomes do they achieve?

11. A recent study has shed some new and robust academic light on the factors that account for sub-national mobilisation in Brussels. Even as the idea of a ‘Europe of the Regions’ fell out of fashion, sub-national authorities have continued to open offices in Brussels. The differences between regional offices in Brussels persist with some offices being no more than a single person and others functioning as quasi-embassies.

12. A key finding of Tatham’s study is that the level of authority possessed by a sub-national authority is crucial in determining not only the size, but also the substance, of its presence in Brussels. That is to say: sub-national authorities representing territories
that are highly devolved and demographically weighty are more likely to have a strong presence in Brussels and also more likely to seek policy influence, as opposed to merely chasing EU funding. In that sense the Scottish Government, as a powerful sub-national authority, is right to try to influence EU public policy in key areas and the literature supports the notion that similarly empowered and significant sub-national authorities do likewise.

13. A paper by Michael Keating, prepared for EERC in 2010 and circulated at the outset of this inquiry offers a comprehensive comparison to European and Canadian sub-national authorities and I will not comment further, in this evidence, on those comparisons. I would add that literature on the external policies of U.S. states suggests that successful policy involves a clear prioritisation, the commitment of appropriate resources, and the on-going evaluation of policy against a set of benchmarks, which may be quantifiable or not.

14. The literature on para-diplomacy in the U.S. suggests that we should take a longer-term view of activities by heads of government and overseas missions in the area of FDI and export promotion. U.S. states have been able to be successful in terms of attracting FDI and a greater share of exports when they possess engaged governors, well-resourced and knowledgeable staff, and strong networks with key economic actors. The U.S. state of Washington has proven successful, for example, in forging trade links with the Pacific Rim, spearheaded by the activities of a series of active and engaged governors.

15. There are examples of sub-national authorities punching above their weight in the EU arena, largely as a result of effective administrative organisation, investment in expertise and skills, and the development of strong domestic networks joining government with various economic actors. An often-cited case of success is that of Germany’s Saxony-Anhalt, one of the poorest of the German Länder, and comparatively small in terms of population. It was able, in the 1990s, to advance the interests of its chemicals sector strongly in Brussels. There are other examples that space precludes a full discussion of.

Small states and international politics

16. Some of the advantages that small states seek out in international politics are not available to sub-national regions. However, the research on what makes for effective small state foreign policy has something to offer. Just like sub-national authorities, small states have to prioritise their goals and concentrate their more limited resources. They can carve out niche roles, champion specific issues, and broker agreements where they are often more trusted than more powerful states. Small states can use their power, and particularly their soft power, in smart ways to advance their interests and exert influence. In economics too, small states can find and then exploit highly profitable niches and smaller economies may be able to adapt more easily to changing economic conditions. Prioritisation it seems is essential.

17. The Scottish Government has prioritised four areas for focus within the context of the EU. They are energy and climate change; marine environment; research and creativity; justice and home affairs. It would be interesting to hear how the Scottish Government External Affairs directorate internally prioritises and decides which policy areas to concentrate on within the EU. Those listed above certainly seem sensible given Scotland’s strengths, domestic policy commitments, and distinctive characteristics. In terms of the International Framework a similar set of thematic and regional priorities are identified. It is debatable whether even these narrowed lists remain too expansive.
Measuring success

18. Whilst there are undoubtedly some aspects of sub-state external policy that are susceptible to measurement it is important not to become overly reductionist and blunt. The Scottish Government does use certain measures. For example, the Anholt-GfK Roper Nation Brands Index\textsuperscript{10} is used as a measure of how Scotland is perceived by international public opinion. The Global Connections Survey and official government data can be used to measure things such as exports, FDI, etc. And at an operational level there are measures regarding the efficiency/cost-effectiveness of ministerial visits, etc. Within Scottish Government both the Government Economic Strategy and the National Performance Framework provide the overall framework. It would be interesting to learn about any further internal measures used.

19. It is important not to be overly crude in measurement. For example, one might want to count the number of meetings of the EU Council of Ministers at which a Scottish minister was granted speaking rights. This would be an especially crude measure when, I would argue, what is more important is when in the process of UK policy formulation the Scottish Government were engaged and to what extent that relationship works well for Scotland throughout the process, not just at the most visible stage.

20. Some aspects of external affairs are less susceptible to robust measurement. The concept of soft power, first coined by Joseph Nye in the early 1990s, is defined as the ability of an actor to change the behaviour of others through attraction and persuasion, rather than coercion or payment.\textsuperscript{11} The concept has, by now, established itself quite firmly in the academic literature, and in the policy community. The debate has now moved from what soft power is, to how it can be measured. The London-based Institute for Government, working with \textit{Monocle} magazine, worked to develop a composite index for measuring soft power according to objective and subjective metrics.\textsuperscript{12} Unfortunately, the survey only considers states. The UK has historically scored very well.

21. The European Council on Foreign Relations (ECFR) has also tried to measure foreign policy, in this case EU foreign policy. The ECFR scorecard uses three criteria – unity (Were European united?), resources (Did they try hard?), and outcome (Did they get what they wanted?) – to assess EU foreign policy. The scorecard thus balances inputs and outcomes.\textsuperscript{13} Therefore there are places to look if the aim is to devise a more robust evaluation system for the Scottish Government’s external policy.

22. Ultimately, however, it must be stressed that much of the benefit derived from soft power is in the building of relationships, the establishment of and infiltration of networks, and the ability to develop a reputation in certain areas as a knowledgeable and thus essential partner. Getting to that stage involves a medium-to-long term strategy and successes are, arguably, best communicated and evaluated through narrative based case studies and careful process tracing. Academics continue to struggle to measure influence and power, which is ultimately what we are taking about here.

23. Furthermore, given the increased interconnectedness of various policy areas it could be argued that having Ministers who are well briefed by civil servants with expertise and knowledge in global affairs, with their fingers on the pulse of politics and business in Washington, Beijing, Brussels, is an intrinsically good thing. There are other areas of Scottish Government, outside of External Affairs, that are developing new methods of
engaging both civil servants and ministers in thinking about such interconnectedness and rapidly digesting complex information.

24. What is, however, essential to evaluation on this basis is a clear statement, at the outset, of the goal being pursued. The fact that many of the benefits are intangible need not be an excuse for failing to be clear about goals. Only by doing that can any form of evaluation be carried out.

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1 **Biographical note:** I am a lecturer in government and social policy at the University of Edinburgh. My research interests are in government, public administration, and UK/Scottish politics. I have published on the external affairs of Scotland, the EU-Scotland relationship, and intergovernmental relations within the devolved UK in journals such as *Regional & Federal Studies, Journal of European Integration, European Law Journal,* and *Diplomacy & Statecraft.* I was adviser to the EERC for its inquiry into an independent Scotland’s relationship with the EU during 2013/14.

2 I use ‘sub-national authority’ throughout although in all instances any comparisons made are to the highest level of sub-national authority and not to what we would consider local authorities.


10 The survey quizzes people about their perceptions of a country across 23 characteristics broken down into six broad categories: exports, governance, culture, people, tourism, and investment/immigration. More than 20,000 people are surveyed across 20 countries. For the methodology see [Joseph Nye, *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004)].

11 The study collects statistical metrics and subjective data across 50 categories (e.g. quality of government, diplomatic infrastructure, cultural output, capacity for education, appeal to business, etc.). The data is then normalized, grouped, and calculated using a composite index. The output is a ‘soft power’ score for each country surveyed. The output is a measure of states’ soft power resources. It thus captures potential influence. States can, of course, undermine their own soft power resources and thus fail to attain their potential influence. See [http://www.instituteforgovernment.org.uk/sites/default/files/publications/The%20new%20persuaders%20III_0.pdf](http://www.instituteforgovernment.org.uk/sites/default/files/publications/The%20new%20persuaders%20III_0.pdf).