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Options for Security and Defence Policy

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Robin Niblett

Ladies and gentlemen, good morning welcome back, I think, in most cases, but welcome for the first time in some cases to chat in house. I'm holding a microphone today because we've got a large panel coming up who are already miked up. So, just to let you know when we're finished with this opening session we'll be going straight in to the next panel on defence choices for the UK. So, welcome back to this two day conference on the UK in the World. And we've covered a whole range of topics yesterday, both from Britain as a Thought Leader or as a doer as several people pointed out yesterday thinking it's not going to be enough, and leading by example would definitely be necessary. Some interesting initial discussions on defence with the Secretary of State for Defence. Obviously some broader discussions during the course of the morning with Jeremy Greenstock and Lord Malloch Brown. I think it was a pretty rich day and I'm definitely not going to try and provide a synopsis now, I'm going to try and challenge myself to do that after lunch in about five minutes. Right now we're starting a little late, but we'll take the full half hour. I'm delighted to kick off this second day with, if I may put it this way, an outside perspective on our question. And I can think of no better person to give that outside perspective than Nicholas Burns, Nick Burns, who is now as I think you all know, Professor of the Practice of Diplomacy and International Politics at the Kennedy School of Government at Harvard University. But who is somebody who is a practitioner of diplomacy and has done most of his career in the US State Department, but in a wide variety of positions finishing up as Under Secretary of State for Political Affairs, but having served prior to that as Ambassador to NATO. He has also served as an Ambassador to Greece. He's had diplomatic postings in Jerusalem. He was Senior Director to the National Security Council in the Clinton Administration for Russia, Ukraine and Ukrainian Affairs. And for Soviet Affairs, I wanted to make sure I got the chronology right, for Soviet Affairs under the George H.W. Bush Administration. We are going to have a quick discussion. He's going to share some thoughts with us on lessons for diplomacy. As were discussing this just a minute ago, lessons for diplomacy as applied to the US, but I think it's applied and applicable also therefore to the UK. And this will give us a chance for doing some more comparative work which I think will be especially important for us. As I mentioned in one of my introductory remarks yesterday, we have commissioned some papers also Nick, from people in China, in Russia, in Brazil, in India, as to what they think about the UK's place in the world, and it would be especially interesting to hear your thoughts this morning from a US perspective and as a practitioner's perspective. Just to remind you, all of this is on the record and secondly,

please make sure your mobile phones are switched off rather than just on buzz, so they don't interrupt us and don't interfere with the electronics at all. But Nick, we're delighted you could make the time passing through London. I know Stockholm via London back to the US, but thank you for kicking off this second morning. Thank you all for coming, we look forward to a really productive days discussions.

Nicholas Burns

Robin, thank you very much. It's a pleasure to be here at Chatham House and a pleasure to be with you, and especially with your President, Lord Robertson, who's a great friend. I had the great honour to serve at NATO when Lord Robertson was our Secretary General; it was the most difficult time I think in NATO's history up to that point. We nearly fractured in the beginning and middle of 2003, and Lord Robertson was steadfast and strong and brought us through that crisis. So, to both of you thank you for your leadership of Chatham House and thank you very much for this invitation. I have just come from a trip to St Petersburg in Russia to Latvia and Estonia, to Sweden and Finland. It's a pleasure to see the new Ambassador of Sweden to the United Kingdom with us here today. Also a pleasure to see my very close friend and compatriot from the US Government, Philip Zelikow. You heard him speak yesterday; I think one of our finest strategists in American Foreign Policy in our country. So, I'm in very good company.

What I wanted to do today, what I've been asked to do is to offer just a few thoughts about the relevance of strategic thought and diplomacy in our time. I'd like to do that rather quickly, I hope not too simplistically because I would like to get to your opinions and a discussion any questions you have, because I do always find that that's the most, as least for me as a speaker, as the most interesting part of these sessions. You've taken stock of the UK's place in the world, and the future of the United Kingdom Foreign and Defence Policy, the place of your economy in the global ranks of economic powers. At various times over the last decade Americans have done that as well. We had to take stock of our national power and our national geopolitical position shortly after 9/11. Philip headed our 9/11 Commission, was our Director. During our campaign, our last campaign for President, then Senator Obama and Senator McCain had a very spirited debate about Foreign Policy. And since the President's inauguration, the Obama administration has brought a lot of new thoughts and themes and indeed a new tone to American Foreign Policy. So, we understand what you're trying to do and we've gone through it ourselves. I

would just say the first lesson of diplomacy, rather what I wanted to offer today, I think this is the most challenging time for both of our countries in our memory. My memory doesn't go back further than the early 1960s, not a very long memory. But I can't think of an American President who inherited a more difficult Foreign Policy agenda since Franklin D Roosevelt's third term in 1940 than Barack Obama. And of course your Prime Minister has inherited that same agenda. In our case and in yours, it's the most severe global recession in 70 years. It's the fear that we haven't fully climbed out of that recession, it's the fear on the [inaudible] pages and for many economists that we may possibly be heading for a double dip recession and not climb out of the recession as many people had assumed we would in the last six months or so.

It's the fact that in addition to that global recession; both of our countries are engaged in two wars, the United States, President Obama trying to bring us out of Iraq by the end of 2011, at least the combat phase of the very long effort in Iraq. And of course the question of Afghanistan actually adding troops, that we're up to, I think, around 110, 000 American troops this month, a build up of 30,000 extra troops and intensification of the war effort, a different strategy where General Petraeus and formerly General McChrystal pointing us towards counter-insurgency. If that were the agenda that a British Prime Minister and an American President had to deal with, it would be full enough, a major global recession and two wars. But that's not the extent of the priority issues on the agenda. In addition to the recession and two wars, there are two countries, Iran in the Middle East and North Korea in Asia trying to disturb both the peace long term prospects for security and threatening to upset the balance of power, inarguably the two most vital regions of the world for both of our countries. How do we deal with Iran? Is it correct to think that perhaps a combination of sanctions and negotiations might stall their nuclear efforts? I doubt it. Is the better answer to think of an Israeli or American strike to slow down the progress in Iran? I doubt that too, at least right now. And so forming a US, UK, a US NATO, an international strategy in Iran to stop them, I think it's obviously quite important. The same with North Korea. North Korea, the other day now offering to come back to talks, probably for the 14th or 15th time over the last ten or 15 years. And all those talks have ended in frustration and futility.

So, global recession, two wars, the crisis with Iran and North Korea, and I haven't even gotten to the heart of the international agenda, at least as I experienced it as a practising diplomat until 2008. And that's the array of transnational issues that are now sweeping under our borders, over our

borders, right through our borders in the age of globalisation. Nuclear proliferation, the prospect that a terrorist group might get its hands on chemical or biological or nuclear suitcase technology. The threat of pandemics, the scourge of trafficking of women and children, the threat of drug and criminal cartels, we certainly in America see that right now on our southern border with Mexico. One of the most violent places on earth is northern Mexico along the border of the United States because of those cartels. How does the international community get its arms around these problems, when the institutions that provide the super structure for the international system were created 50, 60 years ago for a completely different world. And so I stand by my statement that I think your Prime Minister and our President are dealing with an extraordinarily difficult international agenda. And we need to have farsighted leaders and wilful and powerful Governments to deal with them.

It's also a time of transition, and this is not an original thought, and I understand from Robin that there was a lot of discussion yesterday about it. But one of the fundamental changes that we and you are experiencing in the world today have been for the last couple of years and will for the period ahead, is that other countries are rising to global power. It's unmistakable that China will become, if it's not already, in every dimension of power, the second most powerful country in the world at this point. India is certainly not just an economic power, but emerging in its own region, South Asia certainly the dominant power. But in all of Asia it's various associations in strategic partnership with the United States militarily and politically with Japan and Australia, India is emerging as an Asian power in a way that it was not in any other decade of its history. In our hemisphere it's unmistakable that Brazil is also reaching a status of power that it has not know before, not just because Brazil is going to be hosting the next world cup in 2014, and may win it, and not just because they host the Olympic games two years later, but because Brazil will soon become one of the ten largest energy producers in the world. And Brazil, certainly under President Lula has a newfound sense of confidence in itself of its regional and international role. And Brazil, in our hemisphere, if you look at Haiti for instance, has been playing the lead role in the UN military mission for the last five years. It's taking on a dominant position in the Andes, and as an integrator of politics, of economics and of strategic thought in its region. So we're living with this change; the question I would ask about China and, say, Brazil is, are they acting like global powers? Because with the status of a global power comes global responsibility, and I would say to the question of China, I have my own doubts. China certainly is powerful, it's a mercantilist sort of power, but in some of the issues where I

was working with the Chinese for a number of years, take Iran for instance, I don't see China rising to the test of global leadership.

We have been sanctioning Iran since December of 2006 through four UN Security Council Chapter Seven resolutions. Chapter Seven, as you all know, means that every member of the UN must enforce those sanctions. And I suppose a careful test might reveal that China has observed the letter of the sanctions, the letter of the law on the very narrow sanctions that have been applied. But in the wider sense, since we started the sanctions effort in 2006, and as the European countries have withdrawn from trade with Iran, and Europe has done that. I think you've slashed your trade and your export subsidies to your businesses by over half, particularly Germany, Italy and Spain over the last five years. China has risen to become the largest trade partner with Iran, so what message is the government in Beijing sending the government in Tehran? Disregard the sanctions, because we'll be your primary customer and primary trade partner, as the rest of the world tries to sanction you. That's just one example.

Burma is another, Myanmar, where China is giving great solace and support to a major human rights violator, holding Aung San Su Kyi for 12 years. Sudan's the third issue where China has been essentially protecting the Sudanese government; first Kofi Annan and then Ban Ki-Moon tried to get a UN peacekeeping force into Darfur without Chinese support. So I think it's to the advantage of the United States to have China as a significant global power, because I'm not part of the contained China crowd in my own country. I actually think the better strategy is one that Philip worked on, and our Deputy Secretary of State in 2005, Bob Selleck enunciated that we should engage China. But we have to expect that China will also assume some fundamental principles of global leadership. I don't see it happening in every respect.

Brazil is another example; I personally, since I left government, have said on a couple of occasions that I have great admiration for President Lula that we ought to think of Brazil as a future Security Council member. But I wonder if we should at least reflect on that after the last gambit, Brazil-Turkey, giving a lot of support at a critical time to President Ahmadinejad of Iran, just on the eve of the fourth UN Security Council Sanctions resolution. I frankly just didn't understand the Brazilian-Turkish offer to Iran. It was about 20% of what your former Prime Minister, President Obama and President Sarkozy were able to get from the Iranians last September and October. It was not a good deal, but more importantly, at a critical time, when nearly everybody around the world wanted to send a certain message to Iran, the Brazilians and the Turks came along with their lifeline to Ahmadinejad. So other countries are rising to world

powers, we need to be cognisant of it, I think, and welcoming. But we also need to demand that global leadership should reach a certain standard as these countries practice a newfound global power.

That's one transition that Britain, the United States, France and other countries are experiencing. A second is the fact that our relationship between the United States, Canada and the Europeans, is changing quite fundamentally in this respect; the agenda's changed. When I was a much younger diplomat, working at a very low level in the state department, if you accompanied Madeline Albright to London, Paris, Berlin or Madrid in the mid to late 1990's, the agenda she brought at that time was all about Europe. At that time it was all about NATO enlargement and about the Balkan wars, about Bosnia 95, and Kosovo in 98-99.

I would guess that when Hilary Clinton now comes to European capitals, the agenda is not about Europe at all. It's about the rest of the world; it's about Iran and the Israeli-Palestinian crisis, Iraq and the Middle East. It's about Pakistan, the war in Afghanistan, our strategic partnership with India, the rise of China etcetera. So our relationship, our American relationship with Europe used to be all about Europe, from the First World War through to Bill Clinton's Kosovo War, because we were global, but Europe was the heart of American foreign policy. And the crises here, particularly the division of Europe in the Cold War was the number one issue, but that's not longer the case for you or for us.

It's certainly true, as you see President Obama send signals of where his strategic attention is; it's certainly in the Middle East, in South Asia and East Asia, and I suppose the same is true of Prime Minister Cameron, Chancellor Merkel and President Sarkozy. And so if that is the case, and I think it is, I think it's indisputable that that's the case and has been so for some time, are we prepared in the US-European relationship to be true partners? Effective partners working together in NATO or in the US-EU relationship, or in the US-UK relationship, to be effective on those issues, and here I have again my doubts. And I'm sorry to be a little bit pessimistic this morning; I have great admiration for the European Union. I am one of those Americans who believe it's a great success story, one of the most significant historical events of our time has been the rise of the EU, and it's obviously been good for Europe and for the peoples of Europe.

I think our relationship is certainly definable when it comes to sometimes difficult issues like trade. It's certainly definable on climate change, but if we're looking strategically at the Middle East, at India, Pakistan, and Afghanistan, or

at the rise of China, I don't see a strategic coherence from the European Union in Brussels on those issues. I don't see any kind of development of a singular strategic game plan as to what Europe should be doing, say, with India. Or to have a balanced relationship with China, and as an American I would hope that Europe would have such a strategy. And I think most Americans would say we would like a stronger Europe on the global stage, not a weaker Europe. But what do we find?

We find two members of the EU that are still global in nature; the United Kingdom and France, but the keystone country, the largest country, the country that's dominant economically, in my judgement is not leading strategically and politically, certainly not militarily, Germany, on all these other global questions that are at the heart of the international agenda.

Furthermore, and I had the honour of serving with Lord Robertson at NATO, I'm concerned, and I look forward to what Lord Robertson would say this afternoon, about weakening European militaries. I'm really thinking here about Germany, and I will just give you the example of Afghanistan as a case in point. NATO decided to go into Afghanistan in 2003. That was seven years ago, just before the US-UK invasion of Iraq, we decided to go into Afghanistan, and we deployed on August 11th of 2003, a very small force that we've built up since.

We agreed on a combat mission. We didn't agree on a UN-type peacekeeping effort, and there is a great distinction at NATO and in international politics between those two terms. What we have found is a very bitter conflict with the Taliban and Al-Qaeda. June was the bloodiest month for the United States since we went into Afghanistan in the autumn of 2001.

We're in a real fight, the only problem is that not everybody's in that fight with us. Because while Britain is certainly in it, and Britain has shouldered a tremendous responsibility, as has Canada, as has the Netherlands, as has Estonia, Denmark, Bulgaria and Romania, where are the large continental European militaries in NATO? Germany's in the north, Spain and Italy in the west. There is some fighting in those areas, and we obviously value what those soldiers are doing. But the Bundestag has made it very clear that German troops will not serve where 90% of the fighting is taking place, along the Pakistan-Afghanistan border, in Kandahar, Isgund or Helmand provinces. And that's a problem for NATO. Spain and Italy are also unwilling to go south and to go east. NATO is supposed to be all for one, and it's supposed to be one for all. And it is neither in Afghanistan in our very ground mission in the 61

year history of the alliance. As an American, I find that cause for concern, and cause for reflection in the trans-Atlantic relationship.

The third transition, and the final one I'll mention, is the most obvious one in the room, and that is, we have both been rocked by the global recession, and I won't comment on your economy, because I'm not equipped to do that, I'm not sufficiently informed, I'll just comment on ours. We need to get our economic house in order, in the United States, especially looking long term at very significant fiscal problems as our entitlement programmes continue to expand, we don't have a handle on them. A friend of mine, who teaches between Britain and the United States, Neil Ferguson, has written a recent article in *Foreign Affairs* in the spring, about why empires fall. I don't expect the United States to fall as a great power, I'm much more optimistic about the United States, but I do think the greatest cause for concern, as I look at our strategic position, is getting our economic house in order, finding a way through the political gridlock in Washington between our two major parties, to make some long term decisions that would deal with not just the current economic crisis, but the longer term figures that would make the United States Greece-like, in terms of our deficit as a percentage of our gross domestic product, say 20 to 25 years from now.

Now, I've started with a lot of bad news. I'm not naturally a pessimistic person, so I'd like to conclude with some thoughts that might be a little bit more optimistic. I would say there are things that at least the US should be doing, I wouldn't give the British advice, but perhaps your country might wish to consider, as we move forward.

The first is, what I just talked about, focus on economics with a laser-like intensity, and consider the rebuilding and reshoring and the shoring up of our economic power, in both countries, as the most important pillar of our power, more important than the others, military or even soft power, because the economic power underwrites them all. That is worthy of the next generation.

Secondly, is look for a way to work more intensively with China, India and Brazil. Now, I noted where I think they need to meet the test of leadership, but we certainly can't deal with the global problems ahead of us if China's not in the mix, if India and Brazil aren't in the mix, and a lot of our institutions are just unprepared, right now, to accept, there's been a very significant move away from the G8 to the G20, which I have welcomed, and by the way, that was started by President George W Bush. I think in the week after our November 2008 elections, he decided that, well, he argued with President Sarkozy, that instead of the G8 getting together to talk about the crisis, at its

zenith, it should be the G20, and I think that's been confirmed over the last year and a half and that's smart.

How about the UN Security Council? I can't see it remaining relevant, if the permanent members are the five who were victorious during the Second World War. I can't see it being relevant if Japan's not a member, the second largest contributor to the UN system, and if India's not a member, representing a significant part of the world, and if there's no African country, of the 53 African member states of the UN, and certainly if Brazil's not a member. I just can't see it representing a superstructure that would deal with 21st century problems, if we hang on to the mid 20th century balance of power, as a way to configure power in the Security Council. So obviously, we need to look at the financial institutions, and the political institutions, and make room for these rising powers. That's a task for Britain and France and the United States, first and foremost.

I would also say, that in addition to getting our economic house in order, and making room for the rising powers, we should reaffirm the US/European relationship. I found it, as a diplomat, immense value to the United States, and despite the inevitable arguments on trade which we are going to have, despite the disappointing performance of the United States on climate change over the last nine or ten years, but I hope that will change soon, and there's been disappointments on both sides, we're still a natural partnership and alliance. There is no other region in the world with which the United States shares so much in terms of interests, but also values. The institutional link of NATO is vital for us, and it's vital to continue NATO going forward.

Finally, I wanted to be a little bit adventuresome and take a risk, and argue for the US/UKs special relationship. I arrived in London no less than 24 hours ago, I went over to the LSE last night and I casually mentioned that I thought this was important, and the very first question, from a former member of the parliament, was how dare I raise a special relationship that was an anachronism [?] I then went to a dinner with LSE professors where every single one of them said the relationship was dead, I know your House of Commons has commented on this, I don't know what the Americans and Europeans said yesterday about this. It doesn't really matter what we call it, and if people want to call it a different name, that's fine by me. All I can say, and this is just from my side of the Atlantic, as a practising diplomat, we have special relationships with lots of different countries. The US/India relationship which has grown by leaps and bounds, over the last ten years. The G2 relationship of sorts, that the United States has with China, which we know is fundamental, that we have to work with China, but if we're looking for a

country that we can trust, not just some days of the year, but every day of the year, that in a sense, of course we're going to argue about issues, shares a common world view and a sense of what the opportunities and challenges are, and it's not drawing on sentiment and history, although that's part of it, I can find no other government than the UK government, for that kind of close, almost symbiotic relationship. I can tell you when I was Under Secretary of State, Philip may want to comment on this from his perspective, nearly every day when I get into the office, early in the morning in Washington, I would call my British counterpart at the FCO, because I knew that he would have a handle of what was happening in Europe and around the world in a way that none of my other colleagues around the world would have, and because of the degree of operational interdependence between our two governments, on a thousand different issues. And so I said last night to a very sceptical group, I must say, at the London School of Economics, I said, I don't think you can deconstruct this relationship, or opt for divorce, because I think there is a lot that does bind us together. I'll just say, from an American perspective, intensely valuable to the United States, and so I offer that risky thought this morning.

Robin, may I also say, I know that there was some speculation yesterday, I heard some of the conversation, that the United States is finished as a world power, I'd love to talk about that, I completely disagree with it. Now we're losing relative power, you and we, to the China, India, Brazils of the world, that's for sure. But I would wager 50 years from now, and I don't mean to say this in an arrogant fashion, I hope you won't take it that way, I try to be objective about it. The US is going to be the strongest military power in the world, 50 years from now, for sure, and I think because of a combination of our geography, our makeup, our expanding and more diverse population, and I think frankly because of the sense of mission that the Republicans and Democrats have about the American role in the world, we're going to be consequential politically, and economically, and we're going to be a factor in the world, and I for one, as a patriotic American, think that's a good thing, and I hope you might as well, thank you very much.

[Applause]

Robin Niblett

Thank you very much Nick, thanks for those remarks. We can already see hands going up, and we don't have a lot of time, I think if you've looked at the agenda you will see that we wanted Nick Burns to kick us off this morning, we have a very good panel coming up which we're going to start around ten, we did start a little bit late so I wanted to go over a few minutes in any case, but Nick will be on the final panel, after George Robertson's keynote remarks after lunch, with George Robertson and a couple of other panellists at that time. So Nick, you will excuse me if I just grab a couple of questions maybe now and let you take a couple of quick reactions, I'm literally going to bring in four or five hands, let you take them as you can and as a former spokesman, because I did mention you were a spokesman for the State Department for a while, and you did throw in your gamble at the end there saying how special the relationship still was. I've heard others say that, I've even heard a former UK ambassador saying, we should never use that phrase, a UK ambassador to Washington, but maybe we will get some reaction to that as well. Please let Nick know, when you ask a question, make it just a short quick comment. Yesterday we had time for dialogue, but I really want to break this up in five minutes and maybe let Paul cut a little bit into the coffee time, we will work out the timing on that so we don't waste the good speakers we've got coming up. I can see a number of hands going up, I'll take them literally in the order I see them.

Brian Crowe

Brian Crowe, former British diplomat and Eurocrat. Sadly as someone who's worked on Europe and for Europe most of my career, I have to recognise the truth of what you said, about the Europeans not having a strategic vision, it's a sack lack, whether the Lisbon Treaty will help to solve that with their other preoccupations remains to be seen. But we do have, we think we have a strategic vision, and our strategic vision is the near neighbourhood and Russia, and you never mentioned Russia, I'd be grateful if you'd comment. That's a great change from ten, twenty years ago.

Robin Niblett

Shall I just put them all together, I'm taking notes if you want, otherwise.

Nicholas Burns

I will remember these questions, okay.

Robin Niblett

I'm writing them down.

Ariel Moutsatsos Morales

Thank you very much, it's just a quick comment, my name is Ariel Moutsatos Morales, from the Mexican Embassy. I would like to say that indeed, Mexico is seeing some violence, especially in the border, thank you for bringing that up, Professor Burns. But at the same time I would like to stress the need for an international fight against organised crime. We are fighting against disorganised terror, but not against organised crime. Mexico is one of the two countries in the continent that's actually fighting against organised crime, especially in Latin America. Last year, Mexico had 12 killings per every 100,000 inhabitants. Guatemala has 55, and Salvador has 55, Brazil has 25, Honduras has 61 and nobody, none of those countries have fight against organised crime, so I think it's an important issue to bring up, because organised crime is the dark side of [unclear]. Thank you.

Nazenin Ansair

Good morning Ambassador, Nazenin Ansari, Kayhan in London. Ambassador, you talked about how sanctions might not work in relation to Iran, and neither would an Israeli military strike. Given the fact that inside Iran the Bazaar has been on strike for the past week, and there is massive popular misgivings about the current government, what do you think the strategy should be? And secondly, regarding the nuclear scientist, Mr Amiri [?] who defected to the United States, and now, apparently is on his way back after taking refuge in the Pakistanian Embassy, what are your thoughts about that, how do you think it will affect the entire dynamics of the nuclear question?

Ravish Kumar

Ravish Kumar [?] from the High Commission of India. Ambassador Burns, you talked about US inter-relationship and how it has changed in the last

decade or so. What do you think is holding back, I mean if you think, UK/India relationship, do you think that there are issues which are holding back this relationship to develop, especially when you see that there's a lot in common between India and the UK. Prime Minister Cameron is going to India later this month, and do you think that there could be any game changes, we had this India/US nuclear deal, sometime back, and it was considered to be a game change in the relationship. Now, I would like to hear your comment if there are any game changes which you could think of between India/UK relationship, thank you.

Ashish Bhatt

Thank you Nick. Following on slightly from the last question, I want to pay, its Ashish Bhatt from Agis here, pay tribute to the work you have put into the strengthening of the India/US strategic relationship, but also to ask the question about going back on a fifteen year time frame, when India was coming under fairly heavy pressure from junior state department officials, cautioning them not to go against the will of the international community, and sign the CTBT. What lessons, and Iran might learn from a US that is yet to sign the CTBT, and that sees its close neighbour, India, being rewarded with a privileged relationship for having gone against the will of the international community. Thank you.

Robin Niblett

Well, you can always say, I'll be back this afternoon and answer those questions, but why don't you have a little dig at some of them, this will test your powers of practising professorial diplomacy.

Nicholas Burns

Okay, thank you Robin, I will be very brief because I know that Robin wants to get to the next section. I would just say in the question of Russia, I didn't mean to omit the Russians, they are very consequential in the world. I guess I have two thoughts, quickly, about Russia, and my country. One is, we have to keep Russia as a partner, we don't want to go back to the difficult, antagonistic relationship, the type that we had for 50 years. I think President Obama, President Bush and President Clinton are trying to do that. Obama has a New Start Agreement with Russia, I think there's been very good co-

operation on counter terrorism, those are two areas we can we can work together with the Russians. I would say, however, that my sense is that Russia still has an ambition to extend its own sphere of influence in central Europe and in the caucuses, and that's not in the interest, in my judgement, of the United States, or Europe, to see that happen. So we have to have a balanced policy towards Russia, working with them when we can, but for instance, I've very happy we expanded NATO. I was in Tulle [?] on Friday, and Riga on Sunday. Those countries are truly free, truly independent, truly secure, not because of words, because they're in NATO. I think our support for central Europe must continue to be very strong. I'm sure this will excite some opposition, we should keep the door of NATO, and EU open, for future members from the East, and I'm thinking most significantly of Georgia. Not ready yet for membership in NATO, maybe not ready for 15 or 20 years, but we should not close the door on it. If we close the door on it now, and send a signal to Russia, that's your sphere. That's how the Russians might understand it.

On Mexico, thank you for your thought, we have enormous sympathy with what Mexico is experiencing in the northern part of your country, and you're absolutely right to say, this is one of those global issues that Mexico, the US and Brazil, Europe, need to co-operate better on organised crime, because our country and your country are victims of that.

I would say on the US/India relationship, I think it's in good shape. We have had a bi-partisan consensus, starting with President Clinton, through President Bush, now President Obama, that we should seek a strategic partnership, militarily close ties, strong economic relationship, political work, together. The relationship's completely transformed. The Prime Minister was seen as President Obama's first state visit, the President's going there, to Delhi, on a state visit in November. The Civil Nuclear Deal, I think will, all the last bits and pieces will be tied up, it will be fully implemented. I'd say the next stage, you asked for the next stage, I think the next stage would be closer military ties, not an alliance, India and the United States don't want an alliance, but a close military partner, and close counter terrorism ties, because India and the US are victims of terrorism, in South Asia. I'm very bullish on this relationship. It's not perfect, we've got a lot of differences, but I think our strategic interests are in alignment, particularly as we look East, and therefore I'm very bullish about that relationship.

Finally, there were two questions on Iran, I will combine them, and I'll say first. If Iran thinks it's going to derive any positive lessons from the US/India Civil Nuclear Deal, it's sadly mistaken. The only way the US Senate, and House,

voted twice for the Civil Nuclear Deal, Philip and I worked very closely on that deal for three years, is because we could prove beyond a shadow of a doubt, that India was not a proliferator of its own nuclear technology or fissure [?] material. Not, that despite the sanctions and isolation India experienced, it had actually been playing by most of the rules of the international system, that's why we chose to bring it into the international system, through the Nuclear Deal and the 45 members of the Nuclear Suppliers Group, including Britain, agreed with that. That we bring India in, and give it special privileges, because it's operated consistent with international law. Iran has not, Pakistan would never be available for that, would never be considered for such treatment, because it's proliferated. Iran has been a proliferator, and is now driving towards a nuclear weapons capability, so there is no incentive for Iran to continue its present behaviour, if it's looking at the US/India deal, quite the reverse, quite the reverse. Iran is not going to be considered for any kind of special treatment except sanctions, by the international community.

Finally, I would say this, and this is a difficult question that requires hours of conversation, we have about a minute. I think the strategy of President Bush in his second term, and of Condoleezza Rice, is very close to the strategy of Barack Obama and Iran. There are hardly any differences, and here's the strategy. We need to sanction Iran. There have been four Security Council resolutions, lots of US sanctions, now we have EU sanctions. Thank goodness. We need more universal application of those sanctions by China, Russia, which sells arms to Iran, by the UAE, Saudi Arabia, South Korea and Japan. Sanctions won't work if those countries don't climb on board. We ought to negotiate, or at least try to, because we Americans haven't had an extended negotiation with them for 30 years, and so I think as a matter of diplomatic principle, we ought to see if there's a deal there. My suspicion is probably not, and my suspicion is the sanctions won't slow them down, in fact on the first, Armadishad [?] refused to come to the table, even after President Obama took the last conditions off, in 2009. Where does that leave us? I think we're looking at an Iran that will race forward, and I would not take the use of military force off the table. In my conversation yesterday, at the LSE, suggested, I think we ought to keep it on the table, because Iran will misunderstand it, if we take the threat of force off the table. They will think they can race ahead unimpeded. But I wouldn't favour the use of force now, and I think obviously we need to continue the sanctions efforts, see if negotiations are out there. There will come a critical point, when your Prime Minister and our President and others will have to decide, well, do we use military force to slow them down, or do we perhaps have a longer term policy of constraining and containing Iran, militarily, as a way to deal with the

problem, that's a very difficult choice, I don't know what I would advise, at the present time, because I don't know what the situation will look like two or three years from now. So I wouldn't give up force now, but I certainly wouldn't use it. I would still with the policy that, your Prime Minister, President Sarkozy, President Obama have agreed to, which is very similar to the policy that Philip and I worked on together during the Bush Administration. So quick answer on Iran.

Robin Niblett

They were very quick and very direct, a few we could have a long conversation, particularly about the Iran option and the sanctions and how they fit and I think, importantly, about the point you raised about Brazil and Turkey and whether they're being helpful or not. What is the test of leadership, is it to fit in behind a Western strategy, which some other countries will argue, and even you, yourself have said, the sanctions won't work, or I think other countries feel, if they're going to be leading, then they may want to lead along a different track and have a different sort of viewpoint. Let's hold that thought, do share them with us when you come back this afternoon, Nick, that will be fantastic. We've taken a long time for the last session, I think it was important to get these viewpoints, very thoughtful, very helpful, thank you for good questions. Please stay in your seats, because Paul is going to walk straight up here with his panel, most of them are miked up I think expect for David, and please, a hand for Nick Burns.

[Applause]

Paul Cornish

Ladies and gentlemen, good morning. I'm Paul Cornish and I run the International Security Programme here at Chatham House. Options for Security and Defence Policy, a large part of our Britain in the World project and a large part of our research and policy analysis that we do here at Chatham House. I'm going to begin with a few remarks by way of an overview, and then we will have our panel discussion. I'm going to begin, inevitably perhaps, with Adam Smith, who you will all remember said this, the first duty of the sovereign is that of protecting society from the violence and invasion of other independent societies. It's a duty, he said, that can be

performed only by means of military force. Now, for an awful long time, that comment has served as a reference point for the organisation and the analysis of democratic government, and it's found its way, in one form or another, into all sorts of political speeches by all sorts of people. But when the Conservative Liberal Democrat Coalition government announced its legislative programme shortly after the general election, priorities seemed to have shifted a little bit. The second sentence of the Queen's speech to Parliament, on the 25th of May, declared in very stark terms, that the new government's first priority is to reduce the deficit and restore economic growth. So, effective defence, or a healthy economy? Both are, of course, essential, and it's the interplay between these two policy imperatives which will shape the conduct and the content of the UK's strategic defence and security of you, the SDSR, which is to be published later this year. I think there are at least three conceivable outcomes to the Defence Review, or the Defence and Security Review, I should say, and you will no doubt have some of your own. In the first place, the SDSR could prove to be little more than a device to rationalise the very deep cuts which are going to be inflicted on the defence budget in the course of 2011, in the comprehensive Spending Review. Alternatively, the SDSR could prove to be yet another example of the British inclination to muddle through in matters of strategy and defence, with ever more operational commitments being undertaken with ever diminishing resources.

The third possible outcome is that SDSR 2010 will offer a clear and coherent statement of Britain's security and defence preferences and its priorities, as well as achieving a durable balance between commitments and resources. If the SDSR can come closer to the third, than the first or the second outcomes, then I think it will be an historic achievement. It will be a coherent and authoritative and an adequately funded politico military outlook, which could define British security and defence policy for decades, if not for a generation.

Now, it might be naively optimistic to hope for such an outcome, but I would say that it might, on the other hand, be dangerously complacent to accept anything less.

I'd like now to give you a brief flavour of the recent pre-election debate about UK defence and security. The Labour Party manifesto, you will remember, spoke of the need to equip our armed forces for 21st century challenges, and support our troops and veterans. The Labour Party promised a Strategic Defence Review, which would look at all areas of defence, including defence procurement, personnel and administrative costs. It would maintain our independent nuclear deterrent, it will provide two aircraft carriers for the Royal

Navy, two fast jet fleets for the Royal Air Force, as well as more helicopters, transport aircraft and unmanned aircraft, or so-called drones, and it will ensure a strong, hi-tech army, vastly better equipped than it was in 1997.

The tone of the Conservative Party's manifesto was a bit less reactive I think, and it was, I also think, far more ambitious in its, if I can call it, the grand strategic vision. The Conservatives promised that Defence would contribute to "an active foreign policy designed to reverse our declining status and that a Conservative Government would conduct a strategic defence and security review, which would match resources to foreign policy requirements. Ministry of Defence running costs would be cut by 25% in order to achieve efficiency savings and efforts would be made to repair the relationship, the so-called military covenant between society and the armed forces.

The Liberal Democrats, finally, in their election manifesto they promised a strategic security and defence review, so we had every permutation, which would address a broad range of security challenges, including climate change, they would equip the armed forces for the tasks for the future rather than old, cold war threats, and it was re-assess all major defence procurement projects to ensure that money was being spent effectively. As you know, the Liberal Democrats were at best, lukewarm in their commitment to maintaining an independent nuclear deterrent and they ruled out a so-called like for like replacement for the Trident submarine based system.

Now, following the general election, the coalition government produced their Programme for Government, a curious government, a document in some ways, it reads almost like a post election manifesto. It maintained the Conservative's commitment to Trident, while acknowledging the Liberal Democrats would continue, even while in government, to make the case for alternatives. It declared that it would aim, which I think was an interesting insertion, it would aim to reduce Ministry of Defence running costs by at least 25%, and it would offer a range of initiatives designed to rebuild the military covenant. The Programme for Government made clear that the SDSR had already commenced, and that it had been commissioned, and would be overseen by the newly established National Security Council, with strong Treasury involvement.

To begin a very major policy review within days of taking power, I think, can probably be described fairly as a bold undertaking. That said though, it's difficult to imagine that the start of the SDSR could have been postponed, even for a matter of months, given the intensity of the security and defence debate in the UK. I think it will certainly be a challenge to produce a coherent

SDSR before the mid autumn start of the next CSR. Now, one concern in all of this, is that the schedule won't allow enough time for reflection, for ideas and suggestions, to be gathered from within government and from academia and research institutes like this one, as occurred in the course of the 1998 Strategic Defence Review. It is expected though, that the thought and the research that informed the Ministry of Defence Green Paper published in early 2010, will provide, in a way, a bank of ideas and analysis, which will serve the SDSR to some extent.

A more serious concern, I think, is the, as I see it, the ambiguity surrounding the coverage, the leadership and the organisation of the Review. Now, previously, I think it would have been expected that none other than the Secretary of State for Defence would lead a review of his department's policy and strategy. But the SDSR, as we've heard, today and yesterday, embraces more overtly than I think with past reviews, aspects of both foreign policy and domestic security. These are policy areas which are largely, I think, beyond the competence of the MOD, the scope, certainly. So, we have several government departments and agencies, all involved in the SDSR, but the lines of initiative and responsibility are not as clear as might be expected, at least not as far as I can see, for someone standing outside government and looking in, as it were. This is particularly concerning, the relationship between the FSO, the Cabinet Office and the National Security Council, and the MOD, and indeed DIFFID. In practical, bureaucratic terms, what does it mean, for example, for the National Security Council to commission and oversee the strategic defence and security view. Does this arrangement mean, or place the MOD in a subordinate role of some sort? Even where its core activity is concerned, and should the SDSR be led, or merely informed by other policy documents being produced by the FSO and the NSC. Now, for those ministers and officials who have the job of preparing the SDSR, the task is further complicated by the possibility, at the very least, that the fiscal crisis will demand that very deep cuts are made to the defence budget. I don't think there can be any straightforward response to that demand. In my view, it will be neither politically nor strategically prudent, to make one big bold gesture, dump Trident, as someone said, or disband the RAF, as another person said, or indeed to arrange a rapid withdrawal from Afghanistan. Any of these options, all designed in some way to make substantial big ticket savings. Even where savings are identified, I don't think there can be any guarantee that these will be sufficient, and that the defence programme will be otherwise unaffected.

The promise of strong Treasury involvement in the SDSR should serve as the clearest warning that the Treasury will not be a disinterested bystander in the process. The late Sir Michael Quinlan, formerly permanent Under Secretary of the MOD, once cautioned against naiveté of this sort, and I will read out my favourite quote, forgive me if you've read this before, or indeed heard me refer to it before, I seem to mention it every time I speak about UK defence, it sums it all for me. Sir Michael said this, there is an occasional character/stereotype of defence planning, which supposes that it is, or if it is not, that it ought to be, a basically linear process. One starts by identifying one's commitments, one assesses professionally what forces are needed to meet them, one costs these and then one sends the bill to the Treasury which pays up. It is not only, said Sir Michael, in the final particular that this model departs from reality. The Treasury must and will be very closely involved in the SDSR, as resources must be involved in any strategic assessment, but the process shouldn't be, should be no more Treasury led, in my view, that it should be driven exclusively by any other contender to be the defining feature of the UK defence review, value led, foreign policy led, threat led, capabilities led, for example. Least of all, in my view, should the SDSR be driven by the armed services themselves and by any rivalry between them, for preferment and resources, and I think I have to say that the service chiefs, over the last several months have been more than aware of that, and have backed off.

More so in 2010 than perhaps at any time in the recent past, the SDSR has to be seen as a complex exercise in seeking balance and compromise between many different areas and political imperatives, none of which, as far as I can see, can be considered subordinate or dispensable. As such, the SDSR can only be led by government itself, and if the SDSR is to be genuinely strategic, it has to offer a framework for analysis and decision making which addresses the demands and pressures of 2010 while also looking out far beyond them.

Some final thoughts – rather than debate the merits of contrasting strategic ideas, by which I mean maritime security versus expeditionary operations versus the merits of air superiority and so forth, and rather than set one equipment against another, air craft carriers versus armoured vehicles versus fast jets. What's needed, I think, is a wider and longer term view which can make sense of these otherwise incompatible ideas and equipments. How can the SDSR be a government led, policy review process, and how can the SDSR offer a durable strategic framework? Strategy is in part about action and reaction and decision, dealing with competing demands, the competing demands of 2010 and the immediate future. Choosing between these options and allocating scarce resources accordingly. But strategy is also about

anticipation, about looking out for the securities and the risks of 2015 and beyond and making appropriate preparations. So what's required therefore, in my view, is a policy methodology which can not only find answers, reasonably good, 80/20 praetor [?] answers, to the challenges of the present, but which can also manage change in the international security environment and the new priorities and options that will evolve. Enough from me. To discuss these questions, and no doubt many others, we have an excellent panel of discussants, and I'd like to introduce each of them. You have their biographies in your conference packs, so therefore forgive me, I won't go into any detail at all really, about who they are, except to introduce them very briefly, in the order in which they will appear. First of all we have the Right Honourable Bob Ainsworth MP, former and now Shadow Secretary of State for Defence here in the UK. Bob, a very warm welcome back to Chatham House. We have at the far end, Sir David Omand, Visiting Professor at Kings College London, Philip Stephens from The Financial Times, and Patrick Porter from the Defence Studies Department at Kings College London. Each of them will speak for a couple of minutes, just to give you their first responses, and then we will open the floor to questions and discussion. Thank you very much, Bob.

Bob Ainsworth

Well, first of all thank you very much for having me back, I didn't know whether you would, I'm a Shadow my former self, trying to become one in more ways than one, trying to lose a bit of weight, there are some, although they are very small, advantages of Opposition. I've re-introduced myself to the wife, the golf handicap won't move, but you do get time to talk to people and to think, so there are some small compensations to being in Opposition. We've just heard an excellent speaker talking about, you know, the many challenges that the world's security situation faces, and I agree with an awful lot of the analysis that he puts forward. I don't think you should be surprised about our ambiguity about the term, special relationship. It isn't that we don't want one, I think it is that those of who think about these things at least, worry about the consequences of the term and the thinking on ourselves, and the ability that it potentially has for us to retreat into a bit of a comfort zone. I think we've got to be pretty hard headed about our position in the world, about how we maintain our position in the world, and that applies to, you know, our main ally for many years, and hopefully for many years to come, the United States of America, we have to be hard headed about that as well if we are to play a role and be a useful ally and partner in the world security situation. So I don't

think you should be the slightest bit surprised when people bridle a little bit at the special relationship, they're not worried about the relationship with America, but about how we are actually facing up to the challenges that we need to face up to in this country.

The strategic defence review is where practical politics and the economic pressures that there are, will come into direct confrontation with the analysis of our long term strategic needs and security needs. I share some of the concerns about the process and about the timetable and I hope, tried to mitigate against them to some degree. I, who's never under any illusion that we were on a more than 50 chance of losing in the last election, but despite that, knew that irrespective of what the outcome was, there would be, because of the economic pressures, a very tight timetable imposed upon whoever was the government, to conduct a strategic defence review. We tried to do as much, not only facilitate and legitimise what the civil service were going to do in any case, but drive it and force it, and make them do the maximum preparation. So I have little doubt, because of the Green Paper process that we went through, because of the urgings that there were internally, that there would have been propositions put in front of the new Defence Secretary very soon after he'd got into post. The timetable, nonetheless, despite whatever preparation may have been done, is extremely problematic. The new government have said that they are going to do a security and defence review, they've said that our national security strategy is rubbish, so what that means is that they really do need to do one themselves, don't they, if ours was of no use. So they need to do a national security strategy, they then need to do a security review, then they need to do a defence review, they need to pool all of these different government departments together in a coherent way, in order to tackle that, and they are racing against time, you know, in order to try to do that. I'm really worried that they have set themselves a process that will inhibit consultation, that will inhibit public involvement and therefore, will not come to the right conclusions, and I would put the three options into two options. That the worst case scenario is a combination of muddle and Treasury dominated decision making, the best option is a genuine look at our strategic needs, what we're prepared to pay for, and how we can figure to face the issues of tomorrow.

The one thing that I think we have to avoid, it might seem strange to me, I got criticised quite heavily for shifting the core defence budget in favour of current operations, and I make no excuse for that whatsoever. We shifted an amount of money towards Afghanistan, people could see that as a mini defence review, in many ways. Last autumn we cut some RAF capability, mostly RAF

capability, in order to be able to do so, but I really do think that we have to avoid, in this bigger strategic defence review, being dominated by current operations. Partly because things have moved on, the very fact that those changes were made, and the increased contribution from the reserve, means that our forces now there are bigger than they were, they are better equipped than they were, I think the bill to the Treasury direct will be between £4.5 and £5 billion, this year, as well as the bits and pieces that I moved, and we have a smaller area of operations, to cover in Afghanistan. As well as the fact that things have improved, the new government have made statements that I'm not dead sure of, you know, the ramifications of. They have said that the combat mission will end, despite the Foreign Secretary trying to nuance those words, the Defence Secretary trying to move away from those words, the Prime Minister has been very clear – the combat mission will end by 2014, irrespective of conditions, the combat mission will end. So for us to structure a strategic defence review around a counter insurgency operation in Afghanistan, you know, the government itself has said it intends to bring to an end within the next few years, will be strange indeed. We have got to try to cover the insurgencies as best we can to provide a balanced force, to accept our position and our needs in the world to remain relevant, to remain able to make a contribution to the world's security situation, to recognise that we are a hugely trade dependent nation, and reputational dependent nation, and our reputation earns us huge dollars in the world, and the maintenance of that reputation therefore is hugely important to us. The whole of that balance, the government has got try, as best it can, to bring it together. They've said to some degree, they will shelter the defence budget from the kind of cuts that they're talking about elsewhere, but there is pressure in the defence budget and so therefore there are very very difficult decisions to be taken, to the extent that they take them in an honest and intellectually coherent and a manner which is in the interests of the nation going forward, we will support them from the Opposition benches. Thank you.

Paul Cornish

David.

David Omand

Thank you very much. Perhaps I ought to start by offering the new government the title for their White Paper announcing their final conclusions,

which would be something like security in an age of austerity. I think what I ought to do is just address the first questions you put on the order paper, which were about identifying the key security risks that the UK is facing, and how one goes about that exercise. It's not hard to draw up lists of risks. I helped Paddy Ashdown and George Robertson do it for the IPPRs national security commission last year. I helped Bob, and published his Green Paper for such a list. The government published a national security strategy. Chatham House has produced a list. The extraordinary thing is they're all the same. You've got three clusters; you've got non state actors – the terrorists, the serious criminal gangs, the warlords, the pirates, the loners. You've got states, and all the risks which I've mentioned already this morning, proliferation – not just Iran incidentally, cyber space, disruption of energy and resources and raw materials. Plain miscalculation in the international arena, which can provoke trouble. And then the third cluster you've got all the natural hazards and pandemics and so on. So I reckon you could get a consensus in this audience very, very quickly on such a list. You could probably prioritise such a list. But, and this is my main point, prioritising lists like that doesn't really take you very far.

The interesting thing about that sort of list that I've reeled off is first of all it blurs the domestic and overseas spaces. And that's one of the reasons, Paul, why I think this kind of review can't just be confined within defence. Secondly, it brings hazards and threats together, so it's taking an all risks approach which I think is right. Because much of the investment you might do to improve national resilience is multi purpose, it helps against a range of threats, so you need to look at them across the board. And it recognizes that there's an important confidence element in security. Security has a psychological element; people need to feel secure if you're going to get investment. If American bankers are going to feel it safe enough to come and work in Canary wharf and so on. So for all those reasons, looking at it in those clusters together is right. But as I say prioritizing doesn't get you very far because there are some risks that are here and now, and we cannot afford to drop our guard against. And there are some risks that haven't arrived but we can foresee. There are low probability high impact events, that potentially could arrive, as the financial community found to its cost. Low probability doesn't mean no probability, particularly when you've got correlated risks such as those associated, for example, with climate change. Some risks I think, taking a poll of the audience, would come quite low down. For example, the likelihood of a major article five crisis involving NATO. But the reason it would come low down is because NATO still, by its fingernails, hangs on with a credible deterrent posture. Start to mess around with that posture, start to

urge as some allies have done, the withdrawal of American nuclear weapons from Europe, knock out some of our own support, and you will find that risk creeps its way back up. So these things are inter-related. So I think my proposition to those conducting this review - and I've no inside knowledge of what they're up to - would be don't try and prioritise the risks. What you need to prioritise are the baskets of policies that impress the risks. Because what you're looking for is the best set of policies that will produce maximum public value. And some of them will work on likelihood; some of them will more work on vulnerability to particular classes of risk. Some will more work on mitigating impacts, or duration of impacts.

And you've got to look at all those, try and balance them. As I say by reducing national vulnerability it will actually help across quite a wide class of risk. By doing that you may actually reduce the likelihood of some things happening because you raise the cost to the adversary. Hedging strategies are rather valuable. History shows that all reviews of this kind make mistakes. They don't get things right. It's impossible to get these kind of exercises right. So you need some insurance, you need some hedging strategies such as alliances, keeping them in good order, such as I certainly believe [unclear]. And perhaps one final thought by way of introduction, if there's one thread that runs through all of this, it is that with very limited resources we have to put them, as close as we can within the limits of the knowable, in the right place. And you're only going to be able to do that if you've got a really good appreciation of both the domestic and international environments. Which means you've got to have a really good intelligence capability and an ability for what I call strategic warning. So that some of these risks that might emerge you begin to spot when they are beginning to emerge, and you spot that in time. So that dimension of defence and security I think grows in importance in the kind of world that we're talking about.

Philip Stephens

Thank you. I'd like to say two things. One I'd like to echo some of the concerns about the way the strategic defence review is being conducted. But more broadly I'd like to express a serious concern about what the conclusion of this review will say about Britain's view of its place in the world, and indeed Britain's place of the world. As to process, by the end of this month the Ministry of Defence has to give the treasury two bits of paper. One with 10% cuts, one with 20% cuts. Those bits of paper have to be handed over, and plans to implement them before the review has really got underway. So if

anyone's in any doubt that this is a treasury led review I think that should dispel it. In an earlier incarnation I used to write about, I used to cover the treasury and write about the economics. What I learnt about the treasury review is that it thinks all defence spending is a waste of money. It also thinks that all Foreign Office spending is a waste of money. And that's in the DNA of the treasury, and it will be very hard to budge. So I think the combination of a treasury led process which has to be completed within several months, but will be pre-empted within a few weeks as it were, by the numbers the MOD has to produce by then, says to me that sadly Paul's first alternative is to be the likely outcome.

But process is one thing, the outcome is the most important thing, and that's what I feel very concerned about, because what we're really talking about is how Britain is going to behave. Whether Britain will be a serious global actor in the world over the next five, ten or 15 years. We can all agree that we're no longer a global power but we are a global actor, and we're a global actor in part – in significant part – because we retain real usable military forces. That's not to say we should be forever fighting wars, but we should retain in my view, capabilities. And I think here one has to go back to the theory of the case, to our national interest. And if you strip away the particular threats that we've talked about to our security – mostly to our way of life as opposed to our territorial integrity - there seems to be a more fundamental national interest, and that's in the preservation of a rules based global security system. We're a country with global interests, a smallish or medium sized country with global interests. We need above all a set of global security structures that allow us, our people here and those living abroad, to be safe and to prosper. What we also know I think, is that the present rules based system, the one devised after the last war, isn't going to survive in its present form, the biggest geopolitical upheaval that we've seen since the beginning of the 19th century. The world faces a choice over the next five, ten, 15 years, between co-operative multilateralism and competitive multi-polarity. My own view is that we'll almost certainly end up with a combination of both, multilateral structures but also regional balancing. We'll have regional competition and global competition. So the question I think for Britain is, is the world going to be a Hobdian [?] world or a world perhaps more like a Rulesian [?] world, if one could put it like that. Our national interest of course is in that co-operative multilateral world in terms of security structures. But if we're going to have any voice in creating that world it seems to me that we have to contribute to global security, to continue to contribute to global security. There was a lot of discussion yesterday about soft power, about the ideas we can contribute, the diplomacy we can contribute. Our one instinct in terms of trade and commerce, and

those were all very important, but it seems to me that you can't have effective soft power without some hard power. So I think the choice for Britain – and I think we really could be at an east of Suez moment in our history – is the choice for Britain is whether we retreat into what some in the government talk about as realism. I would call it a tendency to join Germany and the greater Switzerland that Europe is in danger of becoming. Or whether we want to continue to contribute to global security in a significant way. Not independently, within NATO, within a much stronger European defence identity and indeed in continued relationship with the United States.

If we choose to retreat then I think we have to accept that others will make the rules to the extent that there are rules. That we won't have cause to complain about those rules, and that we will be the victims of a much more insecure world. And finally a final point on the US and our relationship with the US. It seems to me the most obvious point for us, whether we call it special relationship or whatever, is that we and Europeans still rely on the US for our security. Europe exists still under the US security umbrella. At the same time we have in Barack Obama a president for the first time, certainly in my lifetime, who is committed to the sort of multilateral rules based world that we as Europeans – as British people – believe in, and which is indeed in our national interest. It would strike me as really bizarre at such a moment for Britain above all to say okay, now we're going to pull back from that, and cut our contribution, thank you.

Patrick Porter

Ladies and Gentlemen the bottom line up front is I would echo some of the other speakers. The most important question to ask of any defence vision is what if it's wrong? The whole history of military strategic affairs is littered with the corpses of bad futurologys [?] and bad predictions. What we're trying to get at is not so much getting it right, but finding what is the acceptable margin of error? And in the emergence of a possible emergence of this new multi power world, what I want to argue very briefly at this time of scarcity, is that Britain will have a very difficult choice. And that choice is amongst three things. It must choose whether it wants to be a pentathlete, a cop, or a guardian. As you can probably already tell I'm not from around those parts, being the descendant of rather incompetent highwaymen of the 18th century. And I'm very sensitive to the fact that actually it can be very annoying to hear somebody talking critically about your foreign policy in a foreign accent. But maybe that's a good place to start actually. This contrasts a little bit with

Australia. Time of great prosperity, Australia is become a vast ore and oil mine for China and Japan. Huge amounts of investment powering along the economy. But unlike Europe we're emerging into a much more dangerous neighbourhood. A neighbourhood of potential rise of new economic giants, of great power rivalries, of new confrontations. Learning to live amongst giants is in fact the strategic challenge for Australia in the next 30 years or so. Walking amongst giants, I feel a bit like this on this podium actually. And the argument is to what extent can we rely on coalitions, and to what extent can we be like [unclear]? To have the capacity to rip the arm off a giant if we're attacked or threatened. And if you look at the Australian White Paper that's what it clearly signals. That it's anticipated with the return of major power competition that that's likely to be a major feature over the next 20 years then there's going to be a build up of major force capabilities.

Britain is in a less dangerous neighbourhood, it's also an off shore power, but it's much greater economic constraints, and it has ambitions in the world that we can't have. That Britain doesn't want necessarily to be a great power, but neither does it want to be just another European nation state. And somehow it wants to be itself - special. But before we get into that, what is the nature of the global shift going on? This question of American decline comes up. It comes up every generation. And one of the problems is that we've cried wolf so many times before. The whole theory of the decline of American power has a very poor record of prediction. In the 1980s the future spoke with a German or a Japanese accent. In the 1060s the future spoke with a Russian accent. We've been here before. But just because it's been wrong before it doesn't mean it can't be wrong now. Maybe the wolf has actually arrived or is just around the corner. American worldwide hedge money may be falling away. The economic foundations of its supremacy may be eroding. It will remain like Georgian Britain, a declining power with still great global reach. It will still be a geo-political heavyweight.

But it's got a fiscal crisis; it's trying to defend the dollar as its international reserve currency. It's facing a decline of its own soft power. We hear a lot about soft power. The problem with soft power is that it doesn't exist independently. It's dependant on very hard foundations. We compare China's cash offensive with Obama's charm offensive. Now the charm offensive may be very charming. If you look at the overall opinion on the Arab Islamic world for example, it's slumped back to Bush two levels, because Obama can't deliver on all the promises he's making. And you have America caught up in what happens to most great powers when they fall. A terrible interaction and cycle of war and debt. So what does this mean for defence? I think the

temptation may well be for the United States over the next little while to burden shift, a great temptation to scale back its commitments. If its geopolitics shifts to the Asia Pacific Indian region, then it will be asking Western European states to do more to ensure their own security. It won't be an entire abdication of its responsibilities or military protectorate, but it will be a burden shift possibly. That means Britain has to decide amongst a number of different alternative profiles of what it wants to be in terms of defence. It can be a pentathlete, that is trying to retain a broad spectrum of capabilities whilst accepting that if you do that you compromise on each one of those. You can't be excellent at anything if you're trying to do everything to a good enough or competent level. That's one choice.

Another choice is this one of cop. That is creating a kind of Imperial constabulary to fix weak or failing states. To try and be pro-active and preventative, to devise an entire military force around the project of re-engineering failed countries to forestall crises that flow from them. And that is very much concerned with fixing the interior space within states. But the third profile, a much more hard edged traditional one, you could call the guardian approach. That is giving primacy to major war capabilities focussing on the space between states, the global commons, the ocean approaches, the sea lanes, the choke points. To be more reactive and to be more restrained, and to use the military only as an insurance policy in extremis. Let me make two very quick points in favour of the guardian approach. But I could be absolutely wrong, academics often are. First of all we need to be concerned about failed states, but maybe they are to the security crisis, we often think they are, particularly if they're not in our back yard. It's often talked about the link between failed states and terrorism. Well Afghanistan in 2001 in many respects was not a failed state. It was a strongly ruled state, which could give unmolested sanctuary to a terrorist organisation. Failed states are actually quite dangerous for terrorists to operate out of, the networks to operate out of. The crucial spaces for 9/11 were in many ways in the first world. Meeting houses in Hamburg, flight training schools in Florida, and there's an argument that actually global terrorism is best combated through international police work, database building, intelligence sharing etc. So that's one thing to think about. Secondly, a phrase I've heard recently, Whitehall - where I don't spend a lot of time - but one of the phrases being kicked around is upstream. That Britain should be part of the international alliance that actually tries to fix problems upstream and anticipate and prevent problems. There's a real difficulty with that however. What if anticipation and prevention makes things worse? There's a very strong moral hazard argument against having a doctrine of interventionism. One of the problems is that if you have a doctrine

of interventionism, very wily, very agile actors on the periphery will deliberately create crises to bring you in. When we intervene in crises we're intervening in political conflicts. And if you create a general expectation that you will actually intervene in crises, agile and nimble actors can actually deliberately inspire atrocities and create human rights catastrophes, in order to draw in outside intervention, and they're willing to pay that price. So paradoxically having a posture of interventionism can actually cause the very kinds of crises you're trying to prevent.

Finally I have to say, this has now become the rule on this podium, to say something about special relationship. In many respects none of my business. But one important thing is that the special relationship in Washington means something quite different to what it means in Whitehall. Historically the grand bargain was supposed to be that in return for British solidarity, for being there when the shooting starts, Britain would be rewarded with influence. It would have some kind of influence and leverage in Washington. It would actually be able to guide this extraordinary super power, the United States. Has that actually worked in the past, in our lifetime? Prime Minister Blair used that argument in the build up to Iraq, that if we want to influence the way America behaves in the world we have to have solidarity with them. And across a range of fronts, on Palestinian statehood, on the international criminal court, on climate change, on steel tariffs, industrial tariffs and protectionism, Britain would be rewarded. Now if that isn't the way it actually works, if Britain doesn't get a kind of geo-political return, no-one is suggesting that Britain therefore should abandon it's alliance or closeness, but maybe we should be using the phrase that I've heard way too often in my lifetime directed at me. Can't we just be friends? Thanks.

Paul Cornish

Well thank you all very much for really excellent and provocative sets of comments. We'll now go straight in to the discussion period for half an hour or so. The way I'd like to play it is, if you can catch my eye with your hand and we'll take questions or short questions and shorter comments, in groups of three. And they will just go along the panel, and the panellists don't have to answer every question or respond to every comment. But I'll just throw it open to them and then we'll come back and do the same thing again for the next three. So the first comment... you sir at the back and then you sir.

Paul Johnston

Good morning, Paul Johnston from the Foreign Office working on the security and defence review. So I thought I'd just offer a couple of comments from the inside as it were. I think the reason for doing a security and defence review has been touched on. I think it's because you recognise in terms of the complexities we face both the risks and the opportunities that you need to have a whole of government approach. Which doesn't look at just the defence programme, but looks at development, looks at organised crime, looks at intelligence, looks at the full spectrum of national security capabilities given that the fiscal problems mean that we will need to make reductions. So it's a question about how and where. And there's a prior question therefore about what's our role in the world? What's our balance on interest? And those are the questions that are being looked at. In terms of the governance, I think because it is the whole of government review, albeit as the Foreign Secretary and the Prime Minister have said foreign policy led, that's why it's being led out of the National Security Council, and by the national security advisor. But with big inputs from departments. And there are work streams going on as Mr Ainsworth said, which were started in his time in the Ministry of Defence. There's already been input from the Foreign Office and from other departments.

I'll just mention one point on up streaming. I think it's wrong to sort of, equate up-stream with interventionism. I think there's a way of doing upstream which is about capacity building, working in partnership with fragile states to try and help them, and help their neighbours in the region, address some of the problems before we come into downstream crisis, which is a valid perspective as well.

Paul Cornish

Thanks very much Paul, you sir, yes.

Jeremy Astill-Brown

Thanks, Jeremy Astill-Brown; I'm an Associate Fellow of Chatham House Africa Programme. I've also had the privilege of being ex-FCO, ex-DIFD, and to some degree, ex-MOD, so I'm pretty good at exes. The NSC is not an entirely new idea; we at least had the effect of the NSC under the last government in the UK. They were just called something slightly different, but I

think what it does do is neatly encapsulate, as does the security dimension to the review, this idea of a more multi-dimensional, complex security effect.

Within the debate, it seems to me that it's broadly easy to populate a discussion about what the military should do, and what the foreign office should do, and maybe what the intelligence services should do. The debates all range from, do you want aircraft carriers, or do you want helicopters? Or do you want more spies or less spies, bigger diplomats or louder diplomats. I wonder whether you might like to offer some advice to the members of the NSC who hail from DIFD as to exactly what their role in promoting Britain's national security is, through international development. And whether or not you would want them to stick with their International Development Act commitments to provide a contextual backdrop for Britain's reputation in the world, or whether we need them to become more of a tool for PRT-type interventions in Afghanistan. So let's have some advice for DIFD, as well as advice for soldiers, spies and diplomats, thank you.

Paul Cornish

Thank you very much, and then from up at the top here.

David Steven

Hi, David Steven from the Centre on International Corporation at New York University, and I'm author of the Organising for Influence pamphlet, which is part of this programme. I just wanted to ask a very simple question, picking up on what Philip said about the UK and its contribution to global security. And that's whether the panel thinks that over the past 15 years, if you look at the net contribution, whether we're in profit as it were, or in loss, whether we are a net contributor to global security?

Paul Cornish

Thank you very much. David, would you like to begin?

David Omand

Yes, I'd like to just pick up one point about DIFD, which is that the debate there is, I think, well-known. Is development expenditure a form of state-

funded charity, or is it part of government expenditure directed at government priorities, including the Millennium goals and other high-minded commitments? And certainly, I think the approach that I have always taken to this is that there is an element of that expenditure which has direct value in supporting work in the security domain? Because experience has shown how very hard it is to get social and economic development in a country that lacks basic security, so the two are related.

I think some more focus in how that expenditure is deployed, related to priorities in the security field, is perfectly acceptable, and will be to all our value. The second thing I'd just pick up from what Paul was saying, which is that liberal interventionism, clearly now has a bad name, and the prevailing view seems to be to go back to national interest. I don't think the experience from Iraq is one; if you like, that's the hard case. It doesn't necessarily mean that an anticipatory approach, where you try and work out where the problem is coming from, and use all the tools at the disposal of yourself and your partners and allies, to try and tackle it early on. That still seems to me the right, rational approach.

Patrick Porter

Well, maybe I'm just a dinosaur. I appreciate the point about up-stream and interventionism, and I accept that they're not necessarily the same thing. I think we need a little more humility on understanding what causes conflict, or at least understanding the limits of our own knowledge on what causes conflict. The development of a modern, well-armed, well-policed and centralised nation state is not a peaceful process. It is not a process of linear movement and progress into peace, stability and modernity. The evolution of a modern state, with all this capacity building, is historically a very violent one. And often, in our own way, by promoting intensely competitive processes like, free elections and free markets, we tend to exacerbate that.

But even if that's not true, and there is a case for a long term up-stream engagement, I would be very worried that that still might create an impression on the ground, in that wretched country we're trying to support, that we might well intervene on one side if there is a crisis. That, we cannot afford to be naïve, that there are just predators and victims who need our help. Victims can be clever too; they can manipulate us, and I don't want to see... being a British taxpayer, I wouldn't want to see a situation where the Royal Air Force the armed wing of secessionist movements around the world. That's the kind

of danger I want to talk about the future. It's not just an abstract concern; we've seen that in the Balkans.

Very quickly, then I'll shut up, on the question of Britain's contribution to world order. I don't know a lot about this, but I get very nervous when we talk about rules, being rules-based. Maybe that's a good thing, maybe we should always follow rules, but the fact is that in 1999, in the war against Serbia, and in 2003 in the war on Iraq, we broke the rules. Maybe that was justified, maybe in the name of world order it is justified occasionally to break the letter of international law. But it sort of, seems to become like irregular verb. I am defending world order. You're breaking the rules; he is a mad tyrant who must be taken out. If we're going to say that countries like Iran and North Korea must strictly obey the letter of the law, maybe we should too. And if we don't do that, and it's not just us, France in my lifetime unilaterally tested nuclear weapons in the Pacific. That wasn't being rules-based either and we need to work out what kinds of rules we actually want to be bound by. And if we're not going to be bound by them, don't keep on saying we are, because it makes us look a bit silly, thanks.

Paul Cornish

Patrick, thank you very much. The word B, followed by seven asterisks has just become an official Chatham House word, Bob?

Bob Ainsworth

Liberal interventionism has a bad name, largely based on the dominance of our thinking onto operations. Iraq and Afghanistan, which have proven to be a lot more difficult than people anticipated. I am not sure that we are not in danger of exaggerating the degree to which liberal interventionism has a bad name though. I had a very surprising experience during the election, talking to a lot of 6th formers, some of whom had the vote. And when I was accused outright of being a warmonger, and Labour's six wars... I can't remember how many it was; about six or seven wars. And I started talking about the consequences of our not having intervened in Sierra Leone, what was going on there. Kosovo, Bosnia, I was extremely surprised by the very positive reaction that I had from young people, who I expected to be on a hiding to nothing.

If we maintain the ability, yes of course deterrence is an enormously important thing, and we shouldn't over-reach and we shouldn't be arrogant about what we can and what we can't achieve. But if we maintain the ability to intervene, we're going to have to change the psychology of the whole of our nation, if we are then not going to when we see these problems arise. I am not at all sure that that is going to be possible, or positive. I don't think that we should stand by, or be prepared to just stand aside and allow other people to do it when these issues arise, if we maintain the ability to intervene.

Paul Cornish

Bob thank you very much, and finally Philip?

Philip Stephens

Yes, I'd like to echo that, because clearly Iraq is said to have discredited liberal interventionism, although not very long ago I met with a bunch of Iraqis who took a rather different view. But I think we see these swings in the pendulum, we saw in the 1980's in Britain, a very activist, interventionist if you like, foreign policy pursued by Margaret Thatcher. The first Gulf War, the Falklands War before that, a British Prime Minister telling a US President not to go wobbly on international order. The reaction to that was the policy conducted by the subsequent government in the early and mid 1990's, which was to stand by as Yugoslavia disintegrated, and people were being slaughtered in Europe, through ethnic cleansing. And equally, to stand by, the whole of Europe this is, and the US as it happens, to watch the ethnic cleansing in Rwanda. It seems to me that the policy then adopted by Tony Blair in Kosovo and Sierra Leone, was a reaction to that. Now this pendulum is swinging back again in reaction to Iraq and Afghanistan, we're saying we want realism in foreign policy, or the government's saying this, realism in a way, is a retreat.

We may decide, as a nation, that we want to be like many other nations in the world, who say look, we don't have global responsibilities. We wash our hands of what's happening in the world. We don't take the UN duty and responsibility to protect seriously. We don't think those sorts of multi-lateral rules can be implemented, and we certainly won't put our young men and women in harm's way in order to try to do that. That's not the Britain that I particularly want, but that's of course a choice for the government and the electorates.

Paul Cornish

Thank you very much. Three more questions, Clara and you sir, sorry I can't actually see [unclear]. And after yesterday's slip-up from up here, I'm going to be very careful. If you could say who you are and give your affiliation as well please?

Clara O'Donnell

Thank you, Clara O'Donnell with Centre for European Reform; the MOD Green Paper stressed that one of the options to cut costs and defence spending, would be to work more closely with allies in developing capabilities. And it even stressed potentially pooling and specialising, I mean, how useful and realistic do you think this could be as an option? What would be the most appropriate partners and forums? Are we talking about Americans, Europeans, bilateral or multilateral, thank you?

Paul Cornish

Thank you very much. Yes, is it Frank, yes? If you could just raise your hand Frank so that they know where to bring the mike, thank you.

Frank Domoney

Frank Domoney, I'm a telephone engineer and not a defence professional. I've checked the attendance list, and there's nobody here from the Pakistani Embassy. There was an unfortunate impression that I've been getting, both from Nick Burns's talk and from what's been said by the panel, that while we're allying with the goody-goody Indians, that the naughty, proliferating Pakistanis might be targets for an attack. It's just my impression, but would somebody, seeing as this conference is on the record, like to deny that please?

Paul Cornish

Thank you, we'll go the other way I think, Philip?

Philip Stephens

I'm not aware of anyone planning to attack Pakistan. I think if they were it would be a very foolish thing to do.

Paul Cornish

Thank you, Bob, anything from you on the...?

Bob Ainsworth

Well, I mean, on the Green Paper, yes it was in there, because it's inevitable. It already happens, and to a degree, almost no matter what resource the government applies to defence, it will be a growing need that we work alongside others as part of an alliance. Yes of course one needs to maintain some sole capability, and that's where everyone's emotions start from, but the reality of the world is somewhat different. Our ability to act alone in so many instances is extremely limited, so our ability to influence, our ability to participate, is what potentially maintains our position and we ought to recognise that in the decisions that we're taking and the structures of the forces that we maintain.

It has to be with both Europe and America, and people have talked about the problems of working with European nations, some of which have a very low propensity to maintain any defence capability, but it is the region in which we live. They are our neighbours, let's not deny geography, and we are not only fighting against the potential decline of our own influence in the world, but the potential decline of our regions' influence in the world as well. So our ability to influence our neighbours is important, and to engage them, and I don't underestimate the difficulties, but yes of course the United States of America is and will continue to be the main partner.

I agree that in 50 years time, despite the possibility that the wolf is just around the corner, the probability is that the United States of America will still enjoy pre-eminence in the world, by virtue of its geography and the relatively blessed position that it has. And the United States would really have to screw up pretty badly to throw away all of the many advantages that it enjoys, and that will be the reality for the rest of my life, and probably my children's, I would've thought.

Paul Cornish

Bob, pooling and specialising and all these things that Clara referred to, have been in the debate for many years. And the other thing that's come into the discussion more recently I think is the notion that actually, we can have closer and more productive Anglo-French cooperation. In other words, it's European, but not as we know it, so to speak. What's your view?

Bob Ainsworth

Well, it's pooling by another name because of the political prejudices of the current administration as against the last administration. And the French have got far and away the most capability in the European Union, so what is the real difference at the end of the day? But I do not believe that you can afford to ignore European institutions. I do not believe that you can afford to not encourage the rest of the European Union, and the European continent to play its part. Germany most particularly, and there are forces within Germany who recognise the very real potential vulnerability of their own nation, and dependence upon others, the degree to which they're dependent upon others is not sustainable in the long term. So we need to work with those people.

Paul Cornish

Thank you for that, Patrick, any thoughts?

Patrick Porter

Like the other panellists, I think an attack on Pakistan at this point probably is not the best strategic move. But that's a very line-ball call, and I have no secret knowledge of one, alas. Secondly, on the question of America's role in the world, as I said before, I think it will remain a heavyweight in many ways. Its ability to project power is extraordinary, but in my own lifetime and in yours, the country that was once the greatest lender, the economic powerhouse, became the greatest borrower. It's got a pressing crisis with social security, the entitlements overhang, commitments it can barely afford at home, let alone abroad. It's fought a \$3 trillion war, and rising. Its ability to get countries to listen and to act, and do things that it wants is demonstrably on the wane, whether it's allies like Israel or whether it's potential enemies like North Korea. I don't rejoice in this, and I think we're going to be very nostalgic for the time

of American supremacy. But neither do I say that another super-power is auditioning and waiting to come in and replace America. We are going to go back, I think, possibly, to a 19th century world of a concert of great powers.

The problem with that is, we've got a whole generation of statesmen who are not used to dealing with the politics of international grand coalitions. Thirdly, on European defence, I'd also say I absolutely agree that this is going to become increasingly important if America does burden-shift, and places the burden of European security on Europe. That can be done, I think, through many informal ways, informal, bilateral partnerships, inter-operability is a big thing to work on. It doesn't have to come through these fixed institutional commitments.

The big question of course, and for you ladies and gentlemen in this room is, what role do you want Germany to play? There are some people who note that Germany now has a constitutionally-enshrined reluctance to expeditionary military force. And they find they can live with that historically, but there are other people who say that Germany should be allowed to become a normal nation again, so that's one of the big questions with that.

Paul Cornish

Thank you, David?

David Omand

Yes, in every defence review I've been involved in since 1974, specialisation has been one of those elusive creatures that has been hunted and chased, usually without pinning it down. It's got different meanings, and I think there are... if we look at the NATO force posture, then it's a perfectly reasonable thing to say in present circumstances. Let's have a look at the balance of risk sharing and burden sharing within NATO. What are other allies producing? What are we producing? Should that balance be adjusted for present circumstances? That's a perfectly fair thing to look at, but another dimension is, what are the kinds of operations, military operations we might need to conduct on our own, in defence of our own interests and our own dependent [defended?] territories for example? What capabilities would we need where we would not be able to rely upon on someone else turning up?

Then you've got the larger question of alliance or coalition operations. Again, can we rely on certain forms of support? In most cases yes, in some cases we

might say no, we need to hedge that with some national capability. And then finally, you've got the industrial dimension, where I think the experience of the last few years has rather changed thinking in my perception, that you might've argued, well, we could do a lot more just buying it off the shelf. What I think the last few years have shown is that for so many, defence equipment's continuous updating is required, new software, new capabilities being added in, and it's much, much harder to do that if you haven't acquired the equipment from suppliers that have a strong British base, with people who're used to working with the armed forces, as we see in Afghanistan, actually in theatre. So the idea of just saying we'll specialise our industry in a very small number of areas, and the rest is off the shelf, is no longer the paradigm, I think, for modern military equipment. So, all of that is quite complicated. I wouldn't, myself, bet a lot of money on major savings coming from big, bold decisions on "specialisation". But these are all areas that need to be looked at.

Final thought, for me, on this, which would be, don't bet all the family savings on one horse. If you take irreversible decisions, you've got to be very, very sure that history is not going to come and sandbag you, and I say that as somebody who was involved in the 1981 Defence Review.

Paul Cornish

David, thank you very much. Next three questions, all in the front here.

Andrew Wood

I just wanted to say a word in support of Dr Porter on the subject of interventionism. The trouble is, that despite the Chicago speech which - I was in Moscow at the time, and I'm a former ambassador to Yugoslavia - I find it very difficult to apply, in practice, what it said. If we try and differentiate in legal terms between the Soviet invasion of Czechoslovakia, and our intervention in Kosovo, I think it's actually, logically, a little bit difficult. It's also very difficult to answer the question - we intervened in Kosovo, we intervened in Sierra Leone, because we could, and because we thought it was the right thing to do.

But, again, logically, there's nothing that says that we shouldn't invade or try and do something about Rwanda - possibly we could; possibly we couldn't - or fix some other country. So, I think, just, as a doctrine, it's something that

needs very careful consideration, and to call it liberal interventionism adds nothing to the fact that it's interventionism.

Paul Cornish

Thank you very much. Anton.

Anton La Guardia

Anton La Guardia, from the Economist. We've had a great morning talking about threats to the changing landscape, the difficult options, the treasury at the door or in the room – I was wondering if the panel would like to fast forward a few months and tell us what choices they would make in the end.

Paul Cornish

Sorry, the last question, here.

Brian Crowe

Brian Crowe, former diplomat. On interventionism, I'm a bit reluctant to apply the word liberal interventionism to any interventionism. The intervention in Afghanistan was, after all, based on Article 51 of the UN Charter of Self Defence, and Article 5. Iraq, you could argue, wasn't interventionism either, it was WMD, and all that. But, I think, the main thing about interventionism, whether liberal or otherwise, is that nothing succeeds like success, and what's given interventionism a bad name, is it is clearly, at least, been a protracted near-failure in Iraq, and the jury is still out on Afghanistan.

So, I do think, coming to Philip's point about realism, interventionism does have to be guided by a realistic, early prospect of success. But, I actually had a question when I first caught your attention, Paul, and the question is, don't we actually know what the strategic review is going to come up with? We had here, yesterday, the present Secretary of State for Defence. I'm slightly surprised that no one has referred to that at all. And he told us, we know this is going to be a Treasury-led review, so there's going to be a great cut in resources, and we know that at least the Secretary of State for Defence thinks that we should have a full spectrum military capability, including Trident replacement, pretty much as it now is, for boats, and as a nuclear deterrent.

And he also spoke at length about a conventional deterrent for the rest of our Armed Forces, full spectrum, on a significant enough scale that they would be a deterrent to other countries taking action against our interests, which leads me to the conclusion that we know what the outcome is – it will be muddled through.

Paul Cornish

Philip.

Philip Stephens

To pick up a couple of point about interventionism and Patrick's point about rules – it seems to me, not to follow, logically, to say that, because people sometimes break the rules, it's a bad idea to have rules. I'd much prefer to have a system of rules which, albeit, are sometimes broken, but a world that has a series of orderly structures that people, even if they don't always observe, a set of rules that people nod to, and, indeed, you could argue that when people break them, the rest of the world, or others, put their hands up and shout and say, this isn't part of the system.

So, I'm going to stick by my position is favour of a rules-based system, most obviously, if you look off the coast of Somalia, at the moment, if we didn't have a rules-based system, we wouldn't have any ships sailing safely by. On the question of interventionism, or liberal interventionism, I think I'm not terribly fussed whether you call it liberal interventionism or whatever.

I think there is a distinction to be drawn between the assertive nationalism shown by some in the US who favoured the war in Iraq, and those who think that interventionism is there to uphold an international system. I think the legalities, otherwise, of Kosovo – it's rather the same argument about the rules if you say, because Kosovo was as illegal as the Russian invasion of Czechoslovakia, we shouldn't intervene. That seems to me to say, okay, we should just sit back and not recognise that we have broader responsibilities to the international community, to citizens of other countries. That seems to be a perfectly respectable foreign policy.

There have been periods of history when we've followed that sort of foreign policy. There have indeed been periods in American history when the US has followed that, basically, isolationist policy. All I would argue is, that's not the sort of Britain that I want to be part of.

Paul Cornish

Thank you. Bob.

Bob Ainsworth

I do agree with Philip, and I don't think there is reason for [?] advocating reckless intervention, or that we should court failure. Quite obviously, there is not. But, the idea that interventionism is oh so very difficult, and that not intervening is oh so very easy, is nonsense, as proven by Rwanda, where we didn't intervene. But there are ways of intervening and there are ways of not intervening, and we are attempting to build up African capability. Maybe we're not investing nearly enough in our efforts to build up African capabilities so that they can intervene and assist each other.

But standing by is not the easy option, and Philip talked about the pendulum. I think the pendulum will always be there; there will always be a desire. And when it can be shown that you have the capability and you are not prepared to use it, circumstances where the population at large believes that you should, that's not going to be any easier than not intervening.

Paul Cornish

Thanks. Patrick.

Patrick Porter

I agree, it's not easy, but Rwanda was the long term outcome of an intervention. The creation of tribes by well-meaning European colonialists, nation-builders – this is the kind of long term process we're getting involved in here. I don't say never intervene – that would be extraordinary. But having a general posture and doctrine and force structure organised around interventionism will, demonstrably, as we've learned from the Balkans, as we've learned from Sudan, encourage secessionist groups to deliberately create, escalate hostilities in crises to create a human rights crisis that we then feel morally obliged to step in on. We cannot afford to be naïve about the politics in third world countries, or any country. We would do the same thing under those circumstances.

Secondly, on rules – without international law, we wouldn't combat piracy in sea lanes. Really? The thing is, I'm not sure we do live in a world of rules. I don't think, in a Hobbesian world, where there is no one leviathan that can enforce order, there's no neutral sheriff, there's no one you can call 999 to. If you call Washington, sometimes they won't pick up the phone. We live in a world of power and interests, and maybe we should be clear right about that.

Thirdly, and here's an unusual thing – am academic making a practical proposal – on interventionism. There's more than one way to have a benign influence on other countries and other cultures, and that is, do nation-building at home, and create a good society at home that is a model for democratic reformers and secularists, and whoever else you want, progressives around the world. This is the country, after all, that gave us Shakespeare and marmalade and cricket, and the bendable drinking straw. And, if you want to actually have a benign influence that actually has a long term, serious, soft power effect on other peoples' imaginations in the world, maybe that should be the focus, and rather than using the military as this constant crusading force in the world – just an alternative.

Paul Cornish

Thank you, David.

David Omand

Well, where will it all end up? Muddling through, Ryan calls it. There's nothing wrong with a hedging strategy. There's nothing wrong with muddling though if the bets you're faced with weren't that, if you get it wrong, are liable to be bankrupted. But I don't personally think that when we look at it – and I know I'm just looking at it from the outside – my hunch is, it's not going to look like muddling through.

My hunch is, it's actually going to look quite significant in terms of the reshaping of... And certainly, if I take yesterday's speech by Liam Fox, and as an ex-defence programmer, I think, how would I take that speech and translate it forward into changes in the programme. It would be quite significant. We'll wait and see.

My hunch is, we'll see, really, the problem divides into two. There's the next few years where we've got the problem from terrorism now and we can't drop our guard. We've got our forces in Afghanistan and we can't fail to support

them, but if some tough decisions are taken now, then by 2015, I think we can begin to see a different shape of detailed capabilities that would be available, and some of those changes, I'm sure, will be extremely painful for the Three Armed Services. But what it would do, is provide capabilities which would hedge against the kinds of things that we've been talking about, and Dr Fox was talking about.

But, as long as it's presented to the public honestly, it's going to be smaller. There's going to be less of it. The full range of options we'll be able to cover will be reduced, because, as I read it, it's resource constrained. But I don't think we should write ourselves off, because I think even if we reshape the programme in an intelligent way, it will still leave some very powerful capability.

Paul Cornish

Thanks. We'll have one last round of questions. I think, first is, I dearly hope it is Mary Dejevsky. Marvellous. Have you got to go now? Right now? That's terrible.

Mary Dejevsky

Mary Dejevsky, from the Independent. I've just got two points. A cheap point to Phil Stevens, who is saying that he was all in favour of a continued British contribution to global security – I don't think we should really consider that without also trying to judge how far Britain has made a contribution to global insecurity in the last ten years.

The second point, following on from what Patrick Porter was saying about America's maybe increasing propensity to burden-share, given the economic stringencies – from Nicholas Burn's speech this morning, I found that, if that is burden-sharing on the increase, then I think it's slightly worrying because it seemed to me to be extremely heavy-handed. In particular, the way he was criticising Germany and Turkey, both of which have democratically-elected governments, and the government is responsible – it has a mandate from its people. It's no good for the United States, feeling strapped for cash, to come along and say, right, we'd like some more from Germany and we'd like some more from Turkey if their own countries are not prepared to do that.

Paul Cornish

Thanks very much. And finally, Robin Niblett.

Robin Niblett

I wanted to return, just very quickly, to the question of whether there are plans to attack Pakistan, because, actually, as I would see it, Pakistan, of course, is being attacked. What is interesting about the Obama strategy so far, in that part of the world, is that the drone attacks on certain parts of the Pakistan's federally administered territorial areas have increased enormously, as he's recognised, and as he said he would do during the campaign.

And, the point is, the US is applying forward defence on its security threats from Al-Qaeda by attacking a country that, perhaps with acquiescence, is some cases the government, some cases the government claims it maybe didn't approve that particular attack. But, interestingly, the theory is that, somehow, the country is unable to provide America with the security it requires, or we, in the UK, require, or others who are threatened by Al-Qaeda, and therefore, there is a form of intervention going on that means that Pakistan is being treated, in a way, quite uniquely at this stage.

And I wanted to bring this round to question, of what is the guardian strategy? Because it strikes me, this is the guardian strategy. It's not just sea lanes, it's not just state protection, it's not just a nice 19th century type of view of the world. Threats are emanating from within countries that perhaps the governments don't control, and yet, from a public standpoint, from a national governance, from a national security standpoint, we in the UK, or in the American government, feel they need to do something about that threat.

And so, is remote security a sterile, almost, as is implied by the guardian strategy? In fact, we may end up... we're intervening. We're getting involved in more preventive action, but perhaps the capacity building for states that Paul Johnson mentioned earlier, is something we just have to play up, because guardian is not as simple as it looks.

Paul Cornish

Thank you, Robin. David, would you like to... Any final thoughts from you?

David Omand

I have just one final thought picking that up, but it's a general thought, which is just not to get stuck in, as it were, 1990s debates about future defence programme, because what Robin just mentioned is the combination of very high-tech intelligence gathering, and the ability to deliver extremely precise kinetic effect. And that simply has not been possible up to now, and now it is possible. It's just one example of the kind of ways in which you start to look ahead ten years in defence. You have to have some fresh thinking.

Paul Cornish

Patrick.

Patrick Porter

Yes. Two points very quickly. First, the very good question about how America should have its relationship with Europe and Turkey - I agree that it is a little unreasonable to say that everyone should agree with its own nation building and get involved as much possible, even if against popular will. I accept that.

What's less unreasonable, or what's reasonable, I think, for America, is to start saying, well, given that we are over-extended, our power is limited, we can no longer sustain this kind of global leadership – it's often called in Germany, whatever you want to call it – that other powers, other significant, sizeable powers like Turkey, like China, take great responsibility for their own backyards. And that means, if they take responsibility, it doesn't mean... that doesn't dictate what they do. You can actually choose to keep defence spending very limited, and take the risk.

But, I think, one of the criticisms within America, against having an empire, is that you allow other countries to free ride, and they get to undertake risky behaviour while you're always underwriting that security. That's the kind of debate that needs to be had.

Secondly, on guardian strategy, I think, quite simply, a guardian would say that the world is still very big, and that if terrorism, for example, or organised crime, emerges out of a failed state, there are many points along the chain at which that can be disrupted. It doesn't have to be about reengineering the interior politics of states about which you know every little, and about conflicts

about which you know very little. That's the point. It really comes down to – and I'm sorry, I am stuck in another century, that's just a thing, it's how it goes – but what someone said about Benjamin Disraeli when he was terrified about the Ottoman's threat to various British interests. Someone said, Mr Disraeli, your maps are too small.

Paul Cornish

Thank you, Patrick. Philip, finally.

Philip Stephens

A couple of thoughts. Just to pick up on what Patrick said about regions looking after their own interests – I think we'd be in a much stronger position to criticise the Americans if we could say, within Europe, that we're going to develop a security military capability sufficient to retain or to maintain security on our own continent. As long as we rely on the Americans, basically, for a security umbrella in the Balkans, vis-à-vis Russia, I think our moral case is much weakened, and if this defence review came out with a strategy that said, we are going to build capabilities so Britain can lead a European strategy to sufficient... to maintain the continent's security, I'd be quite pleased.

On the question of mistakes, past intervention's mistakes – whatever you want to call them – I don't think to say, we were wrong to intervene there, or, as I would say, we're also wrong not to intervene there. In my view, one of the most shameful periods in British foreign policy was, indeed, during the early 1990s when we refused to intervene in the Balkans. But I don't think past mistakes in either direction can be an argument about the sort of military capabilities we retain the future.

Paul Cornish

Thank you very much, indeed. Ladies and gentlemen, we've had an excellent discussion. I'm very sorry it's run on horrendously. We now have some time for a cup of coffee, as long as you drink it very fast through a bendy straw that Patrick will be providing. It's been an excellent discussion.

Final thought, very briefly, from me. I think muddling through can be rational. It can be an entirely rational posture to take, as David said, especially when you're not in control of all things that might be happening to you. My own view

is that, we're heading for a higher form of muddling through, because from what I've seen of the SDSR and what I know of the processes around the SDSR and their national security strategy, it does seem to me that, in both cases, the activity there is far more than presentational, it's far more than a cynical exercise, and I say that in spite of, as you said, Philip, the minus ten, minus twenty options.

But I do think that whatever these processes produce, they have to, for me at least, hit two things. The first is scalability. The ghastliness of the economy isn't going to always be there. We're going to be out of this at some point. We therefore need a security and defence posture that can improve with improvements in the economy, and we also need, above all else, agility. And I think David's point there, about having a range of options, rather than dealing with a range of risks, but a range of options that can map more of the tasks that you might have to do, is probably the best approach.

Enough from me. Coffee upstairs, but if you could join me, please, in thanking our panellists, minus Bob who's had to go.