



Type of paper: Transcript

UK and the World: Governing in an Age of Uncertainty

Alex Evans

Fellow, Center on International Cooperation, New York University

David Steven

Fellow, Center on International Cooperation, New York University

Chair: Dr Robin Niblett

Director, Chatham House

Wednesday 9 June 2010

The views expressed in this document are the sole responsibility of the author(s) and do not necessarily reflect the view of Chatham House, its staff, associates or Council. Chatham House is independent and owes no allegiance to any government or to any political body. It does not take institutional positions on policy issues. This document is issued on the understanding that if any extract is used, the author(s)/ speaker(s) and Chatham House should be credited, preferably with the date of the publication or details of the event. Where this document refers to or reports statements made by speakers at an event every effort has been made to provide a fair representation of their views and opinions, but the ultimate responsibility for accuracy lies with this document's author(s). The published text of speeches and presentations may differ from delivery.

UK AND THE WORLD: GOVERNING IN AN AGE OF UNCERTAINTY

Introduction: Dr Robin Niblett, Director, Chatham House

As you know this is a discussion entitled 'UK and the World: Governing in an Age of Uncertainty' and this is a first members meeting that we're holding for the first of our series publications that are coming out, broadly built around the concept of the UK's role in a changing world.

Deleted: in a series of publications

Chatham House, I say to people, tends to do about 90% of its work on things that are not directly linked to what the UK government should or shouldn't do; in other words, there might be issues that are of interest to the UK government but 80% or 90% of our work is what happens outside the UK and having views and opinions and insights on it because it was the lead up to the election but also it was certainly my opinion and maybe yours as well this has been an especially interesting set of two or three years with some very fundamentally changing relationships with our partners economically, institutionally, the G20, the financial crisis. This struck me as a good time for Chatham House to dig in a little bit into where the UK sits internationally and how its role, its influence, its ambitions, and its choices, may evolve over the coming years. So we have a whole series of papers coming out between now and mid-July.

Deleted: ,

The first two papers – there are copies down there which perhaps some of you have grabbed – one is a scene-setter which I wrote of where the UK sits in the world and then a larger kind of report done by Alex Evans and David Steven who are joining us this evening which looks at the concept of organising for influence.

But we're going to be doing in addition to this over the coming months issuing reports probably even in the next few weeks on the UK and the global economy, the UK and its relationship with the United States and Europe, the UK and its energy security and its role on the climate change debate, the UK and development and development policy along with climate change, one of the big fault leadership roles the UK's played in the last seven to ten years and then perhaps predictably a paper on the UK and defence policy.

And we're not really trying to find a fixed view and we're not assuming that all of these papers will come together into a coherent hole. It was more an opportunity to be able to get thoughtful people to be able to share their views and their particular thoughts and not feel that they had to cohere necessarily to a fixed view that was either reflecting a commission of grade elders or others but certainly their own personal views, drawing on some working

groups and some meetings with senior advisers to the project where they could give their feedback. So I do want to give that introduction.

We've benefited from some super help and it's a chance for me to thank both Jonathan Knight and Michael Harvey who are over here on a project putting together all of these reports and the meetings that have led up to it but also a chance to thank Alex and David who've been part of the genesis as well of the project and who both are keen watchers of policy making in general. They're unusual I'd say in a UK sense that they are people who've worked in the policy advisory space for a number of years but have affiliated themselves in particular in recent years with the Center for International Cooperation in New York University where they both still hold non-resident fellowships. They've set up a policy risk consultancy group over past associates. Alex served as special adviser to Hilary Benn when he was the Secretary of State for International Development. David Steven has also served as an associate to DEMOS and also served on the advisory board of the Jardine Lloyd Thompson Risk Advisory Review.

Deleted: the

But they're folks who are frequent panellists at meetings especially held in the Foreign Office where I first bumped into them where I was invited in to look at some internal thinking that the Foreign Office was doing and I felt they were particularly well placed to take an outsider's insider's view if I can call it that of how the UK organises for foreign policy and this is a particularly interesting challenge.

So I'm going to invite the two of them to share their thoughts. David, you're going to go first and set the kind of general scene within which UK foreign policy is taking place from your perspective and then we'll turn to Alex to get into the nitty-gritty of the organising part.

David Steven:

This project was I think really first in the planning in the autumn of last year when I think we were making the naïve assumption that there would be a fairly smooth path to and through the election and there would be a fairly predictable outcome and it's hugely to the credit of the Chatham House team that we managed to publish these reports so soon after the election. There was a huge amount of work to react to what was as you remember a very fast changing political situation and to try and put something out that would get right into the debate as the new government came to power and got to work. So very many thanks to Chatham House for working long long hours to make that happen.

I think as you'll all remember the general election really wasn't about foreign policy. The foreign policy debate was in my opinion the most disappointing of the debates and there was a sense that the moderator was so much happier ~~and relieved, once they could move off foreign policy and start talking about immigration or pensions or public spending, spending issues.~~ The coalition negotiations, I think there were some difficult talks about Trident but they really didn't have foreign policy at their heart either and at the centre of what's become the programme for government is the need to control public spending and while keeping up growth and protecting vulnerable groups, again very much a domestic agenda.

Deleted: ,

But our belief and our starting point in writing this report and something that comes out very strongly in Robin's scene-setting paper as well, which I do recommend that you read, I think our conviction was that it was global forces that really will determine the success of the coalition. It's going to be the ability of the government to respond to what's going to be a very chaotic and highly challenging international agenda that will decide whether they are able to deliver at home what they are hoping to deliver.

At the centre of our paper or the analytical sections of our paper which is the ones that I'm going to talk about before Alex goes on to talk about strategy and operational issues are really two key concepts; first that we're in what we call a long crisis, the globalisation and secondly ~~that has created a quite~~ different age, an age of uncertainty, an age of where we're really not quite sure what solutions we should be pursuing.

Deleted: that

When we look back at where this paper has come from I think for Alex and I its roots are back in the progressive governance summit of 2008 where we were asked to present to heads of state about the future of the global system. I think there were around a dozen leaders around the table plus the heads of WTO, the IMF and some other international organisations and a few wild cards had been thrown in there as well, most notably a very red looking Bill Clinton who spent most of the day raging about some mysterious figure he would only refer to as *my wife's opponent* some time back of course. The agenda was completely dominated by the financial crisis.

Bear Stearns had just been bailed out and heads were really quite shocked by what this had revealed about the global economic system. Something had happened that they had not imagined would be possible but that day they were sitting back, they were taking stock and there was a general view the acute phase of the crisis was now over and we could begin to think about how to rebuild but as it turned out the tsunami of financial destruction was actually

only just beginning and the Lehmans crash was only four or five or six months further off and we've seen since then the financial crisis roll into the crisis of sovereign debt within the eurozone and it's not entirely clear whether that's the last stage or whether there are further frontiers going forward.

I think what the economic crisis has done is it's forced governments to admit that they really have an inadequate or possibly even little idea about how the global economic system works and that they now only have very provisional thoughts about how to respond to the trouble that we've seen and our work is based on the idea that that crisis of confidence is not just confined to the economic sphere but we can see this in many other facets of globalisation.

If you look back at the past ten years we've seen an incredibly turbulent decade. Not only did we have the financial crisis but we had 9/11 back in 2001 and the ill-considered or ill-executed anyway invasions of Iraq and Afghanistan that followed it. Again we see an event that took governments by surprise and a reaction that I think revealed a series of moral, strategic and intelligence failures. With 9/11 we see a crisis that continues to have an effect on the way that we deal with our security but has also significantly limited our scope for action, our ability to confront new threats. We are so broadly stretched that when new threats come we don't have the capacity necessarily to deal with them.

And finally there was a third major shock in the first decade of the century, one that was less commented on because it got overwhelmed by the financial crisis but we had a very pronounced and very sudden oil and food price hike and I think we believe that this is a harbinger of how difficult it's going to be for the world to deal with this series of interlocking demographic, economic and resource constraints over the coming years.

Again, it's very clear when we look at that issue that we lack an understanding of the complex interplay between those drivers. We have population numbers on the one hand, we have growing wealth on the other hand and we also have a series of speculative pressures that can drive prices up in ways that aren't predicted. On the supply side meanwhile we have some natural limits. We have investment patterns that have proved very very difficult to predict and we have the impact of regulation. That's one resource and then we put that across all the resources and then have the links between them and we really have a set of issues of such complexity that the reaction is very difficult to control or moderate.

When we look at these three events I think we see three common threads that we think defines this long crisis. First of all the issue of scarcity; that

there are limits to the sustainable consumption of some resources that are highly strategic – energy, land, water, food and we'd add in climate to that. There's a limited amount of atmospheric space that we can put emissions into if we want to limit temperature rises to a particular level. Secondly, there's instability. There is a tendency for complex heavily interlinked systems to experience very unpredictable and unsettling shifts. And finally there's an enormous potential for deliberate disruption of these systems, whether that's by terrorists, whether it's by rogue states or whether it's by the financial whiz kids who invented the CDO and the various other financial instruments that laid the world economy low.

Now dealing with these problems I think you can see a number of intellectual phases. The Cold War was clearly a time of ideological conflict with two very different visions of the world arrayed against each other. It was followed by a period of actually quite remarkable consensus. But now I think we don't really have either conflict or consensus. We have a situation where on issue after issue really quite honestly nobody knows what to do.

So this is what organizing for influence is all about. It's about asking some fundamental questions about how a government, about how this government can take itself out into battle against these issues when it's really quite uncertain what objectives it should be pursuing, what methodologies are most appropriate and which alliances it can rely on to achieve results. And it's also about asking questions about what you do in a world when the prime minister could wake up any morning and find that again something has happened that has completely realigned his foreign policy priorities.

Now there are some people saying that in the face of this very turbulent world and given the enormous resource constraints that government faces we should accept that we're declining as a nation, we should focus in wisdom, we should get back to basics on a domestic agenda. I'm not going to argue in detail against that argument - we address it in the pamphlet of course - but in the pamphlet are very strong recommendations that this is not the way that the UK can go. It makes no sense to us when battered by the winds of global instability to think that we can look inwards and just solve problems at home. We are convinced that the UK has a global role to play. It just needs to decide how it can play it most effectively.

What do we recommend? We recommend that first of all the government should think quite carefully about what its basic international mission is and it should redefine that as managing global risk on behalf of British citizens. We effectively see this as a bargain struck between government and citizens.

Government is saying, we will do our best in very difficult circumstances to try and push globalisation back on to a more sustainable and stable path; we will also do our best to shield you from the fallout of the turbulence before that rebooting of the global system has been achieved - because I think we're talking about a task that is generational task - in return citizens are able to go out and benefit from the opportunities that the global system offers them and possibly generate enough economic wealth to keep the government able to pay its debts.

Secondly, we think that the government and leadership of this government needs to do some very hard work to build a new consensus behind this mission. Any government can only be effective internationally if it has a domestic mandate. It will only have influence if it's seen as able to take a unified position abroad that it has sufficient support for at home and I think this requires the public to understand and support the tough international choices the UK makes.

Thirdly, we think that the government has to do the work of trying to think quite fundamentally about upgrading almost everything it does internationally and to try and deliver in a unified and quite different way and this is what Alex is going to talk about in just a few moments.

And fourthly, we think that it's very important the government puts quite a lot of energy into trying to persuade other governments to dedicate similar resources to tackling the problems of globalisation's long crisis and to working in compatible ways that will mean that we have sufficient alliances to tackle the problems.

And I think that is why we put influence at the heart of all our recommendations for organising the UK's international policy, whether that's delivery through diplomacy, whether it's delivery through hard power or whether it's delivery through our development programme.

We basically see influence as the dominant metaphor that can help bring very many different types of activity together into a coherent whole, into coherent delivery against a strategy. We want the government to understand what it's trying to achieve and then to organise around the influence that it thinks it can achieve on each of those strategic objectives. This is very important for the UK partly because we're a very connected country, a very connected economy. We have the position and place in the international system to achieve this but also because no country is powerful enough in this world to achieve its objectives unilaterally, though I think some of the larger powers are almost certainly going to be tempted to try over the coming years, but the

UK is certainly too small to act on its own. It can only be effective if it's able to persuade others to work with it on shared goals.

So coherent shared influence must sit at the heart of UK delivery. I'm not going to go too deeply into influence – we dedicate a section of the report to explaining how we think influence can work and how it can cohere delivery – but in brief we think there are two main tasks. On almost any issue the government needs to work quite hard to deliver shared awareness of the possible solutions and we live in an age of uncertainty - we don't know what to do, we need to work with others to find out in Afghanistan, with the global financial crisis and the wreckage of Copenhagen what comes next, what are the possible solutions to these problems – and as shared awareness begins to cohere we can use that as the basis to build what we call shared platforms, the alliances, whether they're a state or non-state actors, that have the clout to make these solutions a reality.

This is going to be hard work. For many issues we simply cannot be satisfied with the stale assumptions anymore. We cannot go on with business as usual systems. We cannot be looking for incremental change. We need a sustained effort to build quite different solutions to shared risks and we have to provide adequate budgets for that to happen.

I think that really sets out the starting points for our paper and I'll now hand over to Alex who'll talk about the strategy and how we will operationalize that strategy.

Alex Evans:

Let me echo David's thanks for hosting this event this evening and for publishing the report. It's been really excellent to work with Chatham House on this.

David's outlined then the challenges that Britain faces in an age of uncertainty and in the long crisis of globalisation, so let me turn now to the question of how can the new government start to build a coherent approach to this long crisis especially given the resource constraints imposed by the deficit and the coherence problems that are introduced by the fact that foreign policy has in effect been scattered from one end of Whitehall to the other with every department leading on their little bit.

We'll start first of all with how we look at foreign policy overall. Now the new government has invested heavily in the idea of national security as the sort of integrative lens through which to look at foreign policy; it's created a new

National Security Council and it's appointed Sir Peter Ricketts as the UK's first National Security Advisor. We think these are welcome innovations but we also argue in the report that we should not try to fit all of foreign policy into the national security box. The national security lens is fine for direct threats to UK citizens or issues which involve the deployment of British troops over, say, a five to ten year time horizon but we think it's the wrong lens for looking at indirect or longer term threats, whether you're looking at prevention in fragile states like Nigeria or at global issues like climate change or global economic imbalances.

The reason for that is two-fold. For one thing, if we try and cram everything into the national security box then what will happen is that the urgent crowds out the essential. Long-term issues like climate change or conflict prevention will give way to fire-fighting the immediate term issues – Afghanistan, Iran's nuclear ambitions, counter-terrorism – and we'll end up without the long-term issues getting the air time they need with senior decision makers.

And for another thing we also argue that you need different approaches on national security, on global issues and on fragile states. In national security you have to take a very very low risk approach. You cannot afford to fail. Conversely on global risk issues where you're talking about reforming the international system you will get nowhere unless you take risks - you need to be more of a venture capitalist than a bank manager – and on fragile states you need slow patient work while avoiding the snakes in the grass.

So there's a different risk appetite involved in each area of work and we argue therefore that government needs to see its international work as fitting into three areas, national security is one of them but also global system issues and fragile states.

Now what is it that government needs to do in each of these three areas? Well start with where we are today with the system we've got now. Today what you have is individual departments basically left to run their own areas of policy including the international dimensions of those issues largely undisturbed. So DEFRA is left to its own devices to get on with international environmental policy. Nobody really argues with what the Treasury wants to do on global financial regulation. The Home Office is in charge of immigration policy and so it goes on.

The problem with this is, apart from the fact that it's so fragmented, is it effectively makes it impossible to see how the UK is allocating its international resources across issues much less take cross-governmental decisions about prioritisation. For instance, I wonder how many of you could tell me how

many officials Britain currently has working on a Dohar trade round, how many officials are working on trying to get the climate policy going beyond Kyoto in the post-Copenhagen talks context and how many people we've got working on renewing the global nuclear non-proliferation regime? The answer to those questions, I have no idea, neither do you and neither do ministers because this information isn't tracked centrally. Instead individual departments, in this case BIS, DEC and the Foreign Office are left to run their own fiefdoms independently. Now this approach makes no sense. It means it's effectively impossible for ministers even to know the UK's international priorities much less decide them.

So we'd like to see the coalition moving to a new approach, one that's based on cross-governmental scoping of the challenges, cross-governmental priority setting and cross-governmental implementation and review.

Imagine for a moment that this summer, before we get into party conference season and before we get to this autumn's comprehensive spending review, imagine that the cabinet goes away for two days to Chequers to review the UK's international priorities. Imagine that you're given the task of delivering the presentation to kick all this off and imagine that you've spent the summer using the new transparency of government budgets and staff allocations to find out exactly where the government's people, money and political capital are currently allocated in each of the three areas I mentioned. You would then be able to stand up and say to the cabinet, based on the data this is what your international priorities actually are right now. Now you didn't choose them but now you can decide are they the priorities you want, do they tally with where you think the biggest risks and opportunities are, which of them do you want to cut, which of them do you want to scale up? And for the first time what you would have done is initiated a truly whole of government process for identifying and defining priorities and once you've done that you can start working towards whole of government implementation.

Our main argument on this is that the government's international spending should be directed not to departments as it is now but instead to objectives, to priorities. If we're serious about breaking out of the silos into which foreign policy is currently fractured and really moving towards joined up government on foreign policy then this is what we need to do. If you want to herd cats it's all about where you put the cat food.

And then finally we can start being more flexible and strategic overall about how we allocate our resources and in particular one of the things we'd love to see is surge capacity, money or people that you can put in to an issue when a

window of opportunity opens up and massively scale up Britain's reach on that issue just like in the window of opportunity that opened up on global financial regulation after Lehman's collapsed and before the London summit.

Finally, let me turn to the question where does the Foreign Office fit into all of this. Right now over at King Charles Street the mood is notably chipper. William Hague has told Foreign Office staff that the FCO is back in charge of foreign policy. DFID we understand is going to be brought to heel. The National Security Council will be the instrument of the Foreign Office's will over the rest of Whitehall. British diplomats everywhere have a spring in their step.

But there are two outstanding questions in all of this. One of them is does the FCO really have the levers to run foreign policy across the whole of government. It doesn't have the Treasury's power over departments budget. It doesn't have the power that Number 10 has over ministers by dint of the fact that the prime minister can hire and fire them and unlike the Cabinet Office, the Foreign Office is not seen as a neutral broker at the centre of government – not yet at least.

The other question is whether the Foreign Office actually wants a bigger role on global issues like climate change or conflict prevention. There are lots of people inside the Foreign Office who would much rather return to the comfort zone of being the department of geographical expertise running bilateral relationships, doing consular assistance. Global issues like climate change or the global economy can be seen as a bit peripheral as seems to be confirmed by the fact that they've just been downgraded to parliamentary under-secretary level in the Foreign Office.

But we argue the opposite in our report. We think the FCO should embark on a process of radical reform to become a department for global issues, both the strategy part of the peace and the influencing part of the peace. At headquarters we think the Foreign Office should transform itself into the place where cross-governmental synthesis on global issues takes place - the home of grand strategy, the cockpit of the cross-governmental approach I just alluded to – but if the Foreign Office wants to do that, it has to become less like a line department and more like an extension of the Cabinet Office and in practical terms what that would involve is at least half of the mid and senior level officials working on policy at King Charles Street being seconded in from other government departments and ending what is in effect a diplomatic service stranglehold of the FCO's headquarters.

Now internationally we think that the Foreign Office's theory of influence needs updating to make it a world class agenda setter on global issues. The Foreign Office is superb at bilateral relationships, at international summits, at getting the UK's preferred candidates into international jobs, those sorts of things but as David set out, the challenge ahead is about persuading others to work with us on shared goals, which is all about being an effective thought leader.

So what would this mean in practice? Well just a few ideas to wrap up. Why don't we have more ambassadors for issues? We have two of them already. We have an ambassador for climate change and an ambassador for arms control. Both are huge success stories. Why don't we do this for other issues? Why don't we open up recruitment for all jobs at King Charles Street and for that matter for the whole civil service to external applicants instead of the civil service remaining one of Britain's last great closed shops? How could we make more strategic use of the UK's fantastic knowledge assets, things like the British Council, Ditchley and Wilton Park, the Defence Academy? How could we take a more collaborative approach to building shared awareness? Could we start to think of intelligence as something that's a collaborative endeavour rather than something that belongs in the shadows?

As we look at the legitimacy issues that David touched on perhaps we could imagine a bigger role for parliament on foreign policy, partly that could be about attracting different kinds of people to become MPs – some Mandarin speakers, some people who really understand financial derivatives, some people who understand the science of melting permafrost - and at the same time build up legitimacy as we do that.

And above all of course we're going to need to take bold decisions on resourcing as I've mentioned, conducting a first principles review that looks across all of Britain's international expenditure that allocates budgets by strategy rather than department and that upgrades surge capacity to allow fast reaction to those windows of opportunity that I mentioned.

I'll stop there to leave as much time as possible for discussion but just to say thank you again to Chatham House. I want to mention Michael Harvey, our research assistant for the terrific support he gave us in this project and also invite everyone to join us also for discussion on *global-board.org*, the foreign policy blog that David and I co-edit.

Dr Robin Niblett:

Thank you Alex, thank you David and to my comments earlier on about wanting to make sure we weren't creating a single report of Britain's role in the world by trying to cram everything and every dimension of British foreign policy into one report, the whole idea was to give space to people to be able to think creatively and be able to push ideas out on each particular area and I think you can hear from the presentations from David and Alex that's what they've done. I'm not sure the King Charles Street recommendation would have got through a steering committee of people seconded from the FCO and so on to come and comment on us so it was great to see these ideas laid out.

Just as people gather their thoughts and we have a good half an hour for discussion, just a couple of the key points as I took them from the presentation.

The first point from David's comments about the government being in a long crisis, the way I interpret it David is globalisation, however you phrase that and however you interpret it, in other words, covering both economic but also risk factors, also resources, that this is putting a huge premium for government on being able to think on long-term and not just short-term. And therefore what I've taken away from this part is that risk that to a certain extent there's going to be, as always is, a premium given to the urgent over the important over time and how can we try to avoid that because whereas you may have got away with it in previous eras, today it's going to carry cost and carry cost to this government even as it battles the near term challenges of the financial and economic crisis or the challenges of Afghanistan and Iran.

And Alex if I take your key poise from this, and there are a number of key points from the idea of being able to have surge capacity, the idea of wanting to get away, as I'm sure every government's wanted to do, away from silo mentalities within various government departments, but there is this idea and this reality that international politics is domestic politics to a certain extent and therefore a foreign office that has foreign as its main defining objective perhaps isn't the way to think about it and although perhaps maybe some people in King Charles Street, part of the Foreign Office, might be concerned about an idea of up to half the staff being seconded from outside, what one has to avoid I presume is having a repetition where No. 10 Downing Street tries to end up have everything pulled into its control where all of the government departments end up trying to do international politics from inside that one very small part of government and I think this idea of the Foreign Office perhaps opening itself up at least in headquarters is a way perhaps from avoiding that inevitable gravitational effect into prime ministers who have

to sit on all the summits, who get called up when the big crisis happen and who know they will be responsible when the electorate get upset about a particular international crisis, they won't look to William Hague, they'll look to David Cameron. So perhaps that reflects a certain reality.

Those were some of my spins I suppose on your report which, if you have the time to read it - and I would encourage you all to do it – it is very broad in the sense that it tackles right from the beginning the kind of world we're in, how we think about it and how we deal with it and I think it's going to set some tongues wagging and some synapses singing hopefully amongst the government and in fact I understand it already is.

So let's get some ideas and thoughts from people in the audience. Jump in on any part of the question and we don't have to be restricted simply to the points that they've raised here. We can also broaden out into some of the particular foreign policy challenges that you know or that we all know is on the government's mind and think about how they might play out in the context of the kind of structure that Alex and David laid out and their way of thinking of it.

Question 1:

I was fascinated by both talks and in particular by the absence of any reference to the European Union. We have committed ourselves to cooperate with other member states in various areas, probably foreign policy is the weakest of those areas – economic policies, agriculture and so on are the strongest of those areas – but is membership of the European Union regarded as a disadvantage, in other words do we feel hampered by the agreements at the European Union level or does it offer an opportunity for us to push our own ideas into such an extent that if they are taken up by the Union representatives, commissioners and so on depending on policy, they would in fact be able to put them over at a world level from a considerably stronger point of view?

Deleted: John Parry – Chatham House member:

Question 2:

Following up on the European Union issue, more and more we in the region in Central America is seeing that the dealings of the UK and the European Union is much more through Brussels and we're seeing that with the recent concluded Association Agreement between Central America and the European Union it seems like this is basically the framework we have to live with in our relationship with the UK and any European Union. So my question

Deleted: Werner Romero – El Salvadoran Ambassador to the UK:

is how does this play in the layout you have presented to us? How does it play out in the sense that we're seeing that more and more the foreign policy of all members of the EU is being channelled through Brussels so there's very small room for bilateral - at least that's the way we right now perceive Europe proceeding.

Dr Robin Niblett:

This is a fundamental issue and I'm glad our first two speakers brought it up. I won't pre-empt some of the issues I know are in the paper. Why don't I let you tackle these questions however you want to.

David Steven:

Certainly the EU is an important part of the paper and possibly we should have mentioned it.

I was at a meeting yesterday between the EUISS, the EU Institute of Strategic Studies and the US National Intelligence Council. This is a joint project looking at the world in 2025, looking at some of these long-term futures and the mood was incredibly bleak. Somebody gave a talk that practically had me weeping in the corner because it was so dark and the first question was – I was quite disappointed by how optimistic you were in your outlook – and it's quite clear that both within the US system, looking at the problems confronting the US and particularly within Europe, looking at how the long crisis of globalisation has taken Europe and has really shaken it to its core, there are some serious questions, questions going forward and I think the question that kept on being asked around the table was whether the EU is capable of responding to these problems.

Somebody made what I thought was an important intervention saying that the EU is in this long crisis now, it is confronting these problems and in a way it's ability to turn outwards to try and deal with the rest of the world in exactly the same way we're talking about the UK. It should have experience that makes it more relevant to the challenges other countries are facing but only if it can begin to turn itself into some kind of platform for managing global risks. If it moves towards an area of insularity, of looking inwards, of dealing only with its problems – this phrase that was said twenty times yesterday that Germany wants to become just another country and not have any global responsibilities – if this is allowed to happen then the EU clearly will not be relevant.

What we say more generally about alliances in the paper, not just the EU but NATO and also the G20 as a new forum – is that each of these alliances has a window of opportunity over the next few years where each of them you can see they have an opportunity either to reform themselves or to achieve quite a lot on some of the key risks or hopefully both and we think that certainly in the early phase of this government the UK should be devoting an enormous amount of energy to trying to equip these alliances to deal with challenges. If that doesn't work I suspect Plan B is moving on to a much more informal world where we're looking at task based alliances of countries, of coalitions of the willing as it were that come together around particular issues.

Dr Robin Niblett:

David, are you saying either in the paper or whether you're saying yourself; in other words some of these global challenges you talked about the UK would, however it organizes internally, is going to have to find a way of leveraging through the European Union or not?

Dr David Stevens:

I think it is, yes, unless it finds that the European Union is literally in such crisis in three or four years time that it cannot deal with these problems and that the main challenge for the EU is to arrive in the international arena on key global issues having already caucused effectively enough that it is able to present a single position and therefore bring the influence of what is a sizeable block of people, a very big economic player together to bear on the issue and that caucusing effectively sympathise what's a very complex multilateral system. We need fewer players who come with a consistent prognosis and therefore are able to reach the agreement to move forward.

Dr Robin Niblett:

To give the Ambassador's point, if I remember rightly in the paper, when you talked about the kind of trade-offs that would have to be made budgetarily, that a lot of UK policy that has an EU competence in it, trade policy being the most obvious one, perhaps leaves space therefore for a reduced role for UK embassies within European Union countries and this might end up being able to provide some of the savings that might then be able to be applied to then having the issue of taking a larger role even beyond EU spaces. In other words – this is in one of the papers – you've recognised the fact that the UK is

going to have to work more or is working more through the EU institutions, therefore the bilateral embassies are probably going to be less relevant.

David Steven:

Certainly that the UK needs to manage its sets of relationships for the G20 countries or the countries in NATO or the European Union countries than rather trying to manage a whole disparate set of bilateral relations, see those relationships as a set, yes, probably therefore extract some resources from European countries and try and pursue single strategies and objectives across all those set of countries.

Dr Robin Niblett:

Is there a two finger intervention or is that a question for later on? A question for later on.

I think how the UK ends up splitting what will be a requirement to be able to look beyond the EU, given the fact that both speakers here said the potential for the EU to end up looking in and being introspective over the coming years is likely to be quite high and yet the challenges are inescapable, a first port of call in many cases are going to have to be the EU either because it has the competence in the case of trade or where, in the case of energy security, it could have increased influence and be even more relevant from the UK standpoint but there's probably a kind of hedging strategy going on, I think implicit in your paper and certainly implicit in my paper, that there has to be a hedging strategy. The UK, if it's going to be able to achieve security and prosperity through the engagement of others and the others won't just always be European countries so maybe introspectively you're going to have to think about partners beyond the US and beyond the EU as well. I think in my paper and probably in yours as well we're trying to tread this fine line between those two factors.

Question 3:

As you might imagine I was quite interested about the comments about the EU and I'd just like to flag up that we've just published a report on the EU and China which I think does echo in many ways what's been said because one of the points that's made in the report is that we do need to look outwards, the EU does need to avoid this insularity.

Deleted: Oliver Fox – EU Committee, House of Lords:

I was very enthused by what's been said and I'd like to make two points really which I think have very much come out of the discussion so far and one is the importance of thinking long-term versus being reactive and prevention as opposed to cure and the second is the role of ideas.

On the first point I think there's a number of examples, whether it's the BP oil disaster and others, and I just wanted to mention an example from something which I've been involved in and which was five years ago there was a conference on natural disaster reduction, a world conference, and I think it's quite striking because even back then the number of casualties were rising every year but strikingly the economic losses were increasing even more so every year and I think it's one of the really good examples. It doesn't seem to have very much media attention or awareness but I think it's one of the good examples where long-term investment really can pay off because the tsunami example in 2004 and other examples I think show that investment in risk reduction and I think this discussion is very much about risk as well, it really does pay off in the long-term.

Just on the role of ideas very briefly, I was very pleased again to hear very much that kind of thinking in terms of the UK trying to find concepts around which many countries can coalesce and I just wanted to maybe take very quickly two examples if I may where I think it's been in the past some ideas have provided a platform on which to coalesce.

One is I think the Middle East where a lot of the debates have been about do you support Arabs, do you support Israel and I think that the two-state solution which was actually originally proposed by the EU in the Venice Declaration in 1981, which has now provided the framework for the international community to come behind, I think is a really good example of that. And I think the second example where there was a very much dualistic debate between state sovereignty on the one hand and humanitarian intervention on the other and we've now come to the concept of responsibility to protect. So we've gone beyond that dualistic divide and I think that I would just very much echo those points and I would just be interested to hear more where some of those examples you been thinking about.

Alex Evans:

On your second point about ideas and thought leadership, I think the example we like is the Stern Review – a really extraordinarily successful way that the UK set the debate, took climate change out of a purely scientific sphere and put it in the economic sphere as well – but of course it's something we did

largely by accident. We didn't set out thinking right, we're now going to put thought leadership at the heart of our foreign policy on climate change. It just happens to be this runaway success and I think one of the questions that interests us is how could we systematize this and do it deliberately.

Dr Robin Niblett:

Has it been a runaway success? I mean you gave the two examples of John Ashton as a climate change ambassador and I think it was the arms control one as examples of ambassadors who've been so successful and now you talk about our thought leadership and the Stern Report and how successful to a point but surely, setting aside Copenhagen, the whole issue of whether you can get agreement to coalesce in terms of shared awareness beyond, and beyond even the EU context, is critical. So when you define success, what do you define as success?

Alex Evans:

Well it's not a perfect quantitative metric and of course polling data over the last year or so has seen publics here, in the United States and elsewhere, really downgrading the importance they attach to climate change. That of course is true but back in 2008 when we had both the Stern Review and of course inconvenient truth coming out at the same time, a hugely influential moment. I think at the time it was largely seen as a tipping point in perceptions of the debate and above all the Stern Review propagated that idea that it is more expensive to let this problem go un-tackled.

Dr Robin Niblett:

So it's a question of sustaining the debate more than anything?

Alex Evans:

Right.

Just on the other point you raised. You mentioned natural disaster risk reduction. I just wanted to pick up on that because I didn't have time to talk about international development and what we talk about for DFID but I think this is a really interesting moment for development. We're coming towards the conclusion of two quite long run story lines in development. One is the Millennium Development Goals' narrative, we're not going to hit them globally.

I think there's interest in renewing that narrative – where do we go from here. The other one is the post-Cold War narrative about military intervention, peace-keeping, the responsibility to protect, where again people feel very bruised by our failure to make more headway whether it's the Congo or Afghanistan. The responsibility to protect seem to be discredited almost as soon as it was agreed by an action in Darfur and I think there's a casting around for a way to renew and revive the international development discourse and for us really this comes down to resilience because one problem I always had with the MDG is that, wonderful though they were as an advocacy tool was, they were silent about all of the risks to development – conflict, climate change, exogenous shocks like a food price spike or a fuel price spike, these sorts of things – and of course with both the credit crunch and the food and fuel price spike we saw how poor people were most vulnerable to these spikes. Poor people have been most vulnerable to the sudden contraction of private sector lending or poor countries at any rate and the credit crunch.

So we're very interested in how could we start to really make building resilience and reducing vulnerability central to our development programmes and it's striking that some of the most exciting areas of development practice right now - disaster risk reduction which you mentioned, peace building, climate adaptation, social protection – they're all about reducing the risks faced by poor people and what's really exciting I think is that the overlaps between them are so extensive. There's research that suggests that climate adaptation and peace building look remarkably similar in practice. So this is a very very fertile area that we haven't really explored as much as we could yet but without doubt, given the long crisis that David outlined we need to be focussing more on building resilience in fragile states.

Deleted: Vernon ... (?) –
Chatham House member:

Question 4:

The title of this talk is *Governing in an Age of Uncertainty* and I wonder what the prime thought of uncertainty is. It seems to me not globalisation which we've had for about a hundred years, before the First World War but the fact that as has just been mentioned since the end of the Cold War we live in a world without very clear rules or conventions.

Now Tony Blair tried to lay out a set of rules in his famous Chicago speech in 1999, probably not very widely accepted now but what of these rules and conventions, what ought they to be and what role ought Britain to play in helping to promulgate them? So far it seems to me we've been talking about a machine without asking what the machine should be used for and what we

use the FCO for and other institutions depends on what sort of policy we're after. I mean what is our contribution if any to contributing new rules and conventions in a post-Cold War world?

David Steven:

I think it's certainly a fair criticism that we talk more about machinery than about the actual content of the policy areas and this in part was our brief, to talk about how the government should be organized but I completely take the point and I think you can absolutely see what Tony Blair was trying to do with the Chicago doctrine. Unfortunately he then managed to place himself in a position internationally where he wasn't able to push any of those ideas forward.

But it's very much for this reason that we put these three strategic lenses in. There is the national security lens which as Alex said we liked but we think it needs to be limited and it needs to be immediate threats to the resilience of the UK. There's the fragile states lens which is about the places in the system that can literally blow up and cause, if you look at the potential over Pakistan, can cause really quite substantial turbulence.

But then you have to have the systemic perspective which is why we put this global systems brief really right at the heart of everything the FCO does and we see it as a central task, a relatively small number of high level diplomats and people from other government departments led by some of the most senior politicians in the government to be doing the work of trying to define what the new global system should look like and that means working towards the new institutions, the new norms, the new rules to make that effective.

But I do think we need a certain amount of humility at this point, a recognition that many of the things that we thought were important in the world and we thought were important for making the world work no longer apply. We've spent a lot of time out on the international system telling people how wonderful it was once you deregulated your financial system, the kind of economic nirvana that this would take you in and there are a lot of countries who are looking with fairly quizzical expressions on their faces when we come back to the table.

We did in many ways a tremendous and heroic job in the run up to Copenhagen. We were I think the country that was most prepared to push this issue but to go back to the Stern Review, I see this as like playing a game of golf but uphill. Most of the balls are stuck in the bunker. You can't put

them out and this is where the incrementalism that's at the heart of much British foreign policy is so mistaken. You need to hack them out with a huge amount of effort but then you're still playing uphill. So we did the Stern Review but we didn't follow it up. We stopped and the ball starts rolling back down the hill again and it needs a constant effort, a constant striving over a generation to make a difference on these problems.

Alex Evans:

I just wanted to acknowledge that the work that you did on joined up government a decade ago was very influential in shaping our thinking on this and we talked to Geoff Mulgan when we started out on this work and one of the things we put to Geoff was that we loved the joined up government agenda and what it did for public service reform but we were really interested, what about the international dimensions. It was as if foreign policy was the heart of joined up government that never really got done both here in the UK which is what this report is about but also about how do you do joined up government at the international level where we'd done a separate sister publication for the Brookings Institution on that which came out in January. And I guess what we're really pleading for is the return of grand strategy both at national level and internationally. You have the sense of who's at the helm; we're facing this crisis of globalisation and where are the decisions getting taken?

So in a sense although we do have our own views on what the priorities should be it would be easy for us to put them down as think-tankers and then for those to be poo-pooed by people in government but instead we want to put the onus back on government saying where is the space for even deciding these priorities? So in a way that's our angle of approach.

Dr Robin Niblett:

If I can throw in a slight plug for the paper that I wrote that's a sort of companion piece or the scene setter on this, I did Vernon ask myself a question, what's it all for. Actually I was asked in one of the working groups. I was talking about influence and how Britain could still have some in the future and playing to its strengths and it was a non-Brit who said: *Typical British, all you want is your influence but what's it for?* And I stopped and it did make me think.

So I've plumped for something. You could plump for two or three things. I plumped for one which is open markets and open markets on a rules based base obviously because let's remember the global financial crisis was a crisis of financial regulation. No-one debated or disputed in the G20 summits either in Washington nor in April in London last year that open markets remained critically important for international stability and prosperity and I think they continue to be both for the developing world or not.

So I've put a 'what for' down in my paper and you can have a look at it and see if you disagree with it or not.

Question 5:

My question is related with climate change. What sort of role the EU members, the government in fact can play? We can see now it takes even the rainy seasons and all of this since climates are changing even in the UK. So the point is, you talk about the MDG. I have a contradiction with MDG which can focus when we see the poverty level is declining or something like that we can clarify the country's developing but in fact if you look at India and China we cannot see in the next ten years time there is cheap labour. Manufacturing once upon a time we produced the cloths in the UK. Now it's moving to China and it will need to move again to some other countries. So it will develop but the climate change issues are attracting more. What sort of role can EU leaders play and can closely help countries like North India, China or India, even Nigeria, Pakistan or other countries closely like a brother and help them what they are supposed to do. In fact if we can do recycling more but if anything is going wrong over there it will directly affect us. We cannot hide from the climate change issues.

Deleted: Alia ... (*unclear* ?) - ... (?) consultant & Member of Chatham House:

Question 6:

Looking at the section on organising for influence in the report and you talk about knowledge assets and you talk about acting as a convenor for debate, discussion and dialogue but you don't talk about the BBC at all and I just wondered if we had an asset there that we weren't making the most of.

Deleted: Richard Porter - BBC:

Question 7:

You stress the need for joined up government both at home and with foreign policy. Is there a risk that when you bring skill sets from across government

Deleted: Dan T ... (?) - ... (?):

into the Foreign Office that you actually detract from the joined up-ness of foreign policy and domestic policy?

Question 8:

You mentioned that you have this global arena. You like to get into global issues and the coalitions. I'd like to know what's your perspective about emerging powers, not only Turkey and Brazil, Russia, India or China but South Africa and Mexico. Russia, India and China are from an old time ago, you know them but Mexico, Brazil and South Africa are kind of newer players. Mexico itself is the 13th world power right now and it doesn't have that much feasibility.

Gordon Brown started things for the financial, for the environment summit - things are going there. The UK GIs are also strongly two years ago. Now what's the position you see from this government and from your report of this country for these emerging powers, how relevant in the coming years also taking into account what Goldman Sachs says they are going to switch places with many of the actual countries who are now there?

David Steven:

The BBC, there's potentially a longer response to this because you need to think about obviously the BBC World Service that's paid for out of money that comes through the Foreign Office and the BBC itself paid for through the licence fee.

We do mention the media and I think that trying to use the media in a more systematic way is incredibly important and Alex and I have written extensively about public diplomacy and government.

The specific role of the BBC World Service is I think much more problematic. There was a public diplomacy board that was set up to try and coordinate the role of the BBC World Service but, to be honest, the World Service was not very interested in being coordinated. And this is not a criticism because it's a genuinely challenging problem of how you are strategic about an asset that has to have complete editorial independence and I think this probably goes beyond what I can say in a short answer but I think there are serious issues to be said there.

On the rising powers, there's a really I think ridiculous line in the programme of the government about this is the time that we should have a special

Deleted: (... ?) – National Election Party in Mexico & Chatham House member:

relationship with India and India just popped out of nowhere and this has been explained to me that the Indians aren't getting along so well with the Americans so it's our chance to be their best friend. And I think we've got to stop seeing these relationships like it's our chance to sit with the cool kids in the canteen at school.

We need to work with Mexico on issues where there is a shared risk and a shared perception of that risk and a shared willingness to make something happen on that risk; so not just to see the relationship for the relationship's sake but to take Mexico seriously as a player, that can actually make things happen and work with Mexico and similarly with other countries to do that.

Alex Evans:

I'm just going to pick up Dan's question on joined up government and if we bring all these people into the Foreign Office aren't we just creating a (*unclear ?*) there. Yes, there is that risk. The clearest illustration of that risk where you say we've got a coherence problem, let's put everyone in one place and you just create this unwieldy mammoth has been a part of the Homeland Security in the United States – completely dysfunctional.

But let's be clear first that the status quo is not sustainable. We've got this very fragmented policy, governments have known that for ages. What they've been doing so far is centralising foreign policy around heads of government so you get more and more of the difficult issues escalated up to the G8 or the G20 without necessarily generating result and part of the reason for that is because prime ministers and presidents have such small staffs. They just don't have the bandwidth to deal with the complexity of international issues; you just can't do that cross-governmental synthesis with ten special advisors or twenty people in European global issues secretariat and the foreign policy secretariat of the Cabinet Office.

What we're looking for is something that's not fragmented but not over-centralised either and that's why we're talking about secondees in the Foreign Office. We're not talking about bring the international bits of every other department into the Foreign Office and creating a department for homeland security type situation.

We're looking for a place where the conversation happens between departments so that when people come in seconded from their department they will be bringing the view of their department. And then what we will have which we don't have now is a clear space for that conversation and that

synthesis to happen because we absolutely feel that shared awareness and synthesis emerges from conversations, from people coming up alongside each other day-in day-out and developing that shared awareness.

Just to finish on my favourite anecdote about this: There's a guy called William Lind - he's a counter-insurgency theorist in the United States - and it's this lovely example of comparing the Congress of Vienna with the Treaty of Versailles. The Treaty of Versailles was your classic negotiation put through bureaucratic means where everyone comes and sits there at the table and reads out their talking point and the war to end all war was yielded as Harold Nicholson put it 'a peace to end all peaces', it was just completely dysfunctional, didn't get anywhere. The Congress of Vienna on the other hand took a whole summer to negotiate. They all went to stay in a stately home. They stayed up late. They played cards for very high stakes, carried on affairs – not usually affairs of state as Lind puts it - and they had conversations and in the process developed this profound understanding of each other's red lines and interests and where there was room for consensus and in so doing they put together a peace that would last for 100 years and that's the sort of lesson that we ought to be looking at in government.

We're very good at the *organograms*, the hierarchy, the command and control. We're terrible at the shared awareness which is all about just making friends with people.

So that is what we want the Foreign Office to turn into, the platform for that cross-governmental conversation that can then put the options up to ministers, not necessarily an integrated *this is the advice of the civil service* but actually perhaps flag up these are the main areas of disagreement.