

International Priorities for the Next UK Parliament: A Liberal Democrat Perspective

Lord Wallace of Saltaire

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Robin Niblett

Ladies and gentlemen, welcome to Chatham House. Delighted you could join us today, on a day that I think is going to become a bit of a Europe day, in terms of some of the discussions and commentary that is taking place around the UK. Those of us who were listening to the *Today* programme today or reading our *Financial Times* this morning would have warned us.

The part of the Europe day that we're delighted to host is Lord Wallace of Saltaire, William Wallace, who is with us here today to talk about 'International Priorities for the Next UK Parliament: A Liberal Democrat Perspective'. The fact that we would have an opportunity to hear from William Wallace on this issue of British foreign policy is a particular pleasure here at Chatham House because, as many of you will know, William Wallace was the director of studies here at Chatham House from 1978 to 1990. During that time, in fact right at the beginning, he had just written one of the seminal books about the process of foreign policy-making in the UK, and followed it up with a number of books about British foreign policy. In fact, you reminded me one of them was about the collapse of British foreign policy – *plus ça change*. So we are having an opportunity right now to still talk about this role that the UK should be playing and trying to decide which way it will go.

William Wallace, alongside a very distinguished academic career (through St Antony's College, the LSE, also with some time at Central European University), one of the principal British writers, in many cases with his wife, Helen Wallace, on the EU and explaining the EU not just to Brits but to people all over the world – including to people who thought they knew it better in Europe. Despite that academic career, he was able to sustain a political interest which then has become a political career, going from becoming a PA in 1995 on the Lib Dem side and becoming a member of the European Community Select Committee of the House of Lords, which is considered one of the best scrutiny committees across Europe on European laws and legislation, he became the front-bench spokesman for foreign affairs. Then when the government was created he took up his position right now as the spokesman for the Cabinet Office and a government whip. We always say it's people in America who do these two sides to the career, finding time to be both an academic and be in government; you've managed to do it in the UK, which is no small feat. As well, you've kept yourself very much active in the thinking side as well as the politics side of Europe.

So we're delighted to welcome you back here again to Chatham House and look forward to your comments – on the record. Over to you.

Lord Wallace

We're less than six months out from the election, which will come amid a plethora of international crises in Eastern Europe, the Sahel, West and East Africa, and across the Middle East. So with the election approaching, each political party – I hope I'm only the first person to speak on behalf of political parties in the next month or two – should spell out its views on Britain's underlying national interests and how best to protect and promote them.

So far, neither David Cameron nor Ed Miliband are making any attempt to inform the public about the challenges we face and the means to meet them. The popular debate on Britain's place in the world, who are our friends, our partners and enemies, has hardly moved forward in the 25 years since the end of the Cold War. International promotion of our national values has become subordinated to the defence of sovereignty against international courts. Populist nationalism on the right-wing media still promote a

nostalgic myth of Anglo-Saxon identity threatened by a hostile continent. A Conservative MP put the underlying confusion bluntly in the course of a recent private discussion on the 2015 Strategic Defence and Security Review (SDSR): 'we don't know who we are as a nation, and we don't know where we are in the world'.

Instead of addressing these long-term challenges, the Conservatives are focused on the defence of English common law against the European arrest warrant, and whether and when to hold an EU referendum. But the promise of a referendum does not and cannot substitute for a foreign policy. Labour, in contrast, say very little either on foreign or on defence policy. The British people deserve much better than that.

So I want to focus on a few key themes to set out the Liberal Democrat perspective and to promote the reasoned debate we need. First, that the threats we face are shared with our neighbours and partners – they're not challenges to Britain on its own. Second, that British foreign policy should therefore be about partnership, not about exit or isolation. Third, that many of the threats we now face are not military, with implications for how we should allocate a severely constrained external budget. Fourth, that we suffer from a damaging gap between the presentation and the practice of British foreign policy, which the government has to close. Last, that any foreign and security policy which denies the central importance of European engagement will have a large hole at its core.

Unless those of us concerned with broader foreign policy issues force these onto the agenda, and unless the Conservative Party halts its slide towards UKIP, the prospect of an EU referendum will crowd these broader issues out of the election campaign, losing the sympathy of our allies and leaving whichever new government emerges with an even wider gap between policy prerogatives and public understanding.

The most striking impact of the 2010 SDSR, to me, was the emphasis it placed on non-military threats: global epidemics, cyber warfare, natural disasters, terrorism, organized crime, surges of refugees from failing states and civil conflicts, and the rise of radical movements. Five years later, these threats are far more evident. There are no direct threats to the United Kingdom alone, but indirect threats shared with our neighbours and with other open societies continue to proliferate. Most of us would now add climate change and energy insecurity to the list of long-term threats which Britain shares with others.

The protection of Britain's security thus demands resources far wider than those traditionally assigned to defence: police and international police cooperation; energy conservation; biomedical research; investment in assistance to international emergencies; conflict prevention, state-building and social and economic development in other states. Above all, it requires cooperation with other states. We do not face international challenges alone so it makes no sense for anyone to talk as if we can meet them on our own.

Security and prosperity go together. The second pays for the costs of the first and provides the domestic foundations for a stable society. The global shift of economic and financial power means that the UK is now building a high degree of economic interdependence with, for example, the Gulf States, with somewhere well in excess of 100,000 British citizens resident in the Gulf. We aim to deepen interdependence with India – my wife is in New Delhi with a government delegation today – and also with China, as emerging economic powers.

But it's important to place this shift in context. We've doubled our exports to China over the last five years: they now amount to almost 3 per cent of the total, our 10th largest market. India has risen to be our 15th largest market, with 2 per cent of the total, just ahead of Canada and Australia. But our most important foreign market, the world's largest single market, remains the European Union, taking almost half of our exports in 2013. The British economy is intrinsically linked to the economies of continental

Europe: through supply chains in which British components add value to German cars and French aircraft, through two-way flows of investment, and yes, through reciprocal flows of workers, students and the retired. Over 2 million British citizens live and work in other EU states, as well as over 2 million living here. Recovery of the euro zone, the maintenance and further development of the European single market, will be as essential to British prosperity and long-term security in the next five years as they have been until now.

In seeking to shape the world around us, we have major assets in the UK's reputation and soft power: the global reach of English law, language and culture; research universities which attract students from all over the world; some of the world's largest and most respected non-governmental organizations promoting international development and human rights. Our open society attracts foreign respect, embarrassingly so when rich foreigners flock to London to buy property and poor foreigners struggle to reach our borders. Other governments welcome active engagement with Britain, provided we can maintain a confident approach to international diplomacy and not sink into sullen and suspicious nationalism.

The 2010 SDSR cut our defence capabilities below the level at which the Pentagon regarded as the minimum for Britain to remain a privileged ally. The coalition government then renewed the 1998 bilateral defence agreement with France in 2010 and cooperation with France has intensified since then, from closer cooperation in procurement and support of weapons systems through shared logistical support for operations in Africa, to the development of a combined joint task force, intended to be operational in 2016-2017. Last month, the defence secretary signed a letter of intent with his counterparts in Denmark, the Netherlands, Norway and the three Baltic states to form a second joint expeditionary force. At the Cardiff NATO summit, the German government pledged to form a third such force from among European NATO members. European NATO – a concept scarcely familiar to the British public or Parliament, barely breathed by Conservative ministers to their back-benchers or the press, but the developing framework for British defence and security policy for the foreseeable future. The widest gap between presentation and practice is in defence policy.

We've also already shifted the geographical focus of Britain's security engagement away from the distant expeditions to Iraq and Afghanistan, to smaller-scale commitments across North Africa and to military exercises and short-term deployments to reassure our partners in Eastern Europe. Parliament last year refused to accept that British planes should intervene over Syria in what would have been an Anglo-American operation. Well, we are now operating in a wider coalition over Iraq. We are assisting the regional powers to contain ISIS – but carefully, not taking the lead.

Training missions and logistical support for partnership with local and regional forces, often with such multilateral frameworks as the partnership between the European Union and the African Union, stretch from Mali through Nigeria to Somalia and on to Afghanistan. We are increasingly engaged in conflict prevention and post-conflict reconstruction across North, West and East Africa, recognizing that conflict or collapse in that region spills across the Mediterranean and then the Channel.

We've lived through several decades in which the structures of international order grew stronger under American and broader Western leadership: promoting an open world economy, widening networks of international law and regulation, negotiating and working to implement higher standards of human rights. But we are now facing active challenges to the liberal order which we have enjoyed through most of our lifetimes. The United States is losing the capacity to provide global leadership, suffering from a deeply fractured political system. Putin's Russia rejects Western-formulated rules for state behaviour. China

pursues mercantilist policies and seeks to re-establish its historical regional dominance. Disorder across the Middle East and Africa is more likely to grow in the next five to ten years than to diminish.

We may now face an illiberal world in which the majority of state regimes do not share our values. We will have to work closely with like-minded partners to maintain and reinforce the institutions which support global order and to promote open societies against autocratic governments.

One of the illusions of those who want Britain to leave the European Union is that Britain would then be freed from foreign-imposed rules and regulations. The reality is that international regulations are negotiated through a network of global and international organizations, from the World Trade Organization, the World Health Organization and other UN-associated bodies to the OECD. The EU Balance of Competences exercise which the Conservatives insisted on in the 2010 coalition agreement was told repeatedly by stakeholders, in area after area, that the EU framework is embedded in a wider network of institutions and rules which together hold our open international order in one piece.

Before the development of the open single market of the 1980s, the majority of international standards and economic regulations were set by the Americans, extraterritorially applied to their trading partners. I remember an excellent Chatham House publication that spelt that out. Since then, negotiations between the USA and the EU have set the terms for international standards and regulations, ratified through global conventions. Successful negotiation of a Transatlantic Trade and Investment Partnership (TTIP) over the next three to five years would reinforce that tendency. Our security and prosperity would best be promoted through stronger institutions rather than weaker, and within those institutions Britain's influence within the most effective regional bloc, the 28-member European Union, despite its unavoidable compromises, will continue to be an enormous asset. And for everyone except the climate change deniers, European leadership of global efforts to limit global warming – as we saw in the latest agreement of the last European Council – will continue to form a vital dimension of Britain's security.

Any strategic approach to Britain's international role must address the issue of who are our closest and most reliable partners. The default position for successive British governments has been that we should at all costs stick closest to Washington. The importance Labour placed in Ed Miliband's visit to Washington suggests that this is still Labour's instinctive approach. Some within the Conservative Party still dream of reviving the Commonwealth. Others see a Gulf strategy as more important than a European one.

I was struck last year to learn that an analysis of UN voting by Peter Ferdinand, a former member of the research staff here, had shown that between 1992 and 2008, the UK and France had voted together in the UN General Assembly on 95 per cent of the resolutions, whereas the US had voted together with the UK only 65 per cent of the same. The US and the UK, as this suggests, have different priorities and interests, and different domestic constraints, even though we share underlying values.

There has been a subtle but important difference over the last four years between William Hague's references to the role of the E3+3 in international diplomacy toward Iran, other Middle East issues and beyond, and the American references to the P5+1. Both refer to the same five permanent members of the UN Security Council and Germany, but William Hague's formulation recognizes that the most like-minded group within this consists of Britain, France and Germany. Unless British foreign priorities diverge from their recent course of direction, I'm confident that this will continue to be the case for the next five years.

This leaves a wide gap between public understanding of Britain's role and the direction of foreign policy. The image of Britain which leaps out from the pages of the *Mail* and the *Telegraph*, and all too often from

the back benches in the Commons, is of a state that stands alone, with only the United States as a valued partner, facing a hostile continent. The practical reality, above all in the defence and security field but also in global economic diplomacy, is that the UK works most closely with our European partners, as of course the United States strongly wishes us to do. If, after next year's election, the new government does not narrow that gap between public understanding and foreign policy practice by explaining to its domestic public where British national interests now lie, our foreign policy will be confounded by the contradictions between domestic rhetoric and external diplomacy.

Austerity budgets will continue through most of the next five years unless the British government makes an unexpected surge in growth. Popular support for the armed forces does not extend to a willingness to pay higher taxes for them. Since many of the threats to Britain's security are not military, we need also to look at the balance between the different dimensions of our external budget as well as its overall size.

I hope this audience approves of the coalition government's commitment to a substantial overseas development budget and accepts that it is in Britain's national interests to maintain it through the next parliament. This is not primarily a matter of liberal idealism or philanthropy; it's enlightened self-interest. The Ebola epidemic provides a classic case of how we are endangered by crises in countries that lack proper administration, health services or education. The desperate journeys of illegal immigrants across the Mediterranean will not be stemmed unless European states, Britain among them, work to resolve the insecurity and poverty that drives them to leave their home countries.

The government is absolutely right, in terms of long-term national interest too, to emphasize the transformation in the role of women in its approach to development. Population restraint, social and economic development, all follow from the empowerment of women. Radicalization of young men is easier in societies where women are veiled and shut away.

Spending on soft power also matters in coping with our shifting security challenges. Russia's skilful use of information warfare in Ukraine and its international expansion of the TV network Russia Today suggests that no new government should cut back on the international services of the BBC. We have cut back on linguistic and country expertise across our diplomatic and home civil services, and need to rebuild that as we face asymmetric threats and crises in societies we only partly understand.

Defence spending has been cut beyond the point at which the UK can mount major operations independently. Yet maintaining sufficient capabilities to contribute to conventional deterrence across Eastern Europe and, if necessary, to play a leading part in containing conflict around the edges of the European region require continuing investment in expensive equipment. If we accept that the most frequent responses to instability outside Europe will no longer be American or British-led but will require European or American provision of logistical and ISTAR support to local and regional forces, then we need more transport planes and helicopters, signals and intelligence capabilities, and training teams, with the bulk of our armed forces at home, in reserve, for the less likely but more severe threats that we cannot now foresee. As the withdrawal from Afghanistan frees up resources, we and our European NATO partners should be willing to play a larger role also in supporting the many UN missions across North and East Africa and the Middle East, most of which suffer from serious weaknesses in command and control and in logistical support.

Some within the military would like to expand the UK footprint in the Gulf as we withdraw from Afghanistan, alongside the US and the French, and in response to active encouragement from the Gulf states in which UK forces are currently based. That seems unwise. The Gulf states are themselves well supplied with advanced weapons and armed forces. The multiple problems of the Arab and Muslim

worlds are rooted within those worlds. Outside powers should be willing to support and assist those within the region, as also in Africa, but not to take over responsibility, nor to take sides between Sunni and Shia or between different political tendencies within the Sunni world.

One of the most costly procurement decisions the government will face will of course be whether to go ahead with the full replacement for the UK Trident force. Motivations for the acquisition and early renewal of the UK nuclear deterrent force of past generations have mixed sober assessment of what used to be the Soviet military threat to Britain and to Central Europe with sentiments about Britain's status as a great power. I hope that in 2015-2016 we may look for a more dispassionate debate, weighing up the opportunity costs of a full Trident replacement against remote and existential threats in a still nuclear-armed world.

Sadly, the public debate on British foreign policy is focused much more on status than on security priorities, more on sovereignty than on shared interests and values. The *Daily Mail* and the *Telegraph* publish the rantings of Daniel Hannan, dreaming of a libertarian, white, Anglo-Saxon sphere facing an irretrievably un-free and corporatist continent, a vision which entrances his colleagues on the conservative right and beyond. Migration Watch have persuaded the public that the threat of migration comes from across the Channel, abetted by Brussels, when the long-term problem we face, together with our European partners, is of immigration pressure from unsafe and unstable countries beyond the boundaries of the EU. The defence of British sovereignty has shrunk to the protection of Parliament from the judgments of the European Court of Human Rights. UKIP has channelled resentment of the loss of Britain's superior status, compared to France and Germany, into a call to reduce that status further by imitating Switzerland and opting out of multilateral engagement. Labour is largely silent, absent from the debate.

Those of us who are committed to rational, evidence-based debate on foreign policy must therefore address the myths that inhibit a reassessment of Britain's national interests and of how best to protect and promote them. These myths are of very long standing. I found on my shelves the other week a pamphlet that Harold Macmillan, when prime minister, had published in 1961, over half a century ago, on Britain's decision to join what was then the European Economic Community. Accepting that this was 'perhaps the most fateful and forward-looking policy decision in our peacetime history', he reminded his sceptical back-benchers that 'we in Britain are Europeans'. I would love to have heard Tony Blair say that. And that 'practically every nation, including our own, has already been forced by the pressures of the modern world to abandon large areas of sovereignty and to realize that we are now all interdependent'.

Most of his successors have been far less courageous in spelling out the realities of Britain's position to their parties and their public, while the UKIP and the conservative right continue to deny that Macmillan, Douglas-Home or Heath ever spelled out the implications of European engagement, and peddle their fantasies of England, gloriously alone. The Conservative leaders who took the UK into the European Union did spell out that this was a political decision, not simply an economic one, with major implications for foreign policy. Jim Callaghan and Lord Carrington played leading roles in the development of European foreign policy cooperation.

Now, as then and for the foreseeable future, without a European policy, we do not have a foreign policy. Beyond the irritation with the Brussels institutions, the arguments over the EU budget or the details of EU regulations, Britain's security and prosperity are inextricably linked to those of our neighbours across the Channel. Beyond the petty arguments over a handful of judgments by the European Court of Human Rights, we share the same values. The practice of British foreign and security policy already reflects that reality. Sadly, the public presentation has lagged far behind. If this country is to construct a coherent

international strategy to guide it through the next parliament, it must root it in European cooperation and justify that to a sceptical public. There is no alternative. Thank you.

Robin Niblett

Thank you, William. Let me just pick up a couple of the main threads that I heard in your remarks there, in particular the opening theme which you repeated on several occasions: the idea that if threats are shared, then the responses have to be based on partnership. As you noted right at the end of your speech, kind of bookending it, at the core of those partnerships is the partnership that exists within the European Union. In the middle, some of the points I picked out in particular were these challenges to the liberal world order that we've grown accustomed to living with, and which now feel as though they are under threat, both nearby with Russia's recent actions but also, as you noted, with a decay in the US capacity to lead in the way that it has done for most of the post-Second World War period.

We're going to open it up to questions. We've got a good half an hour.