

Britain's Place in the World

Lord Garden Memorial Lecture

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Baroness Garden

Good evening and welcome. I'm Sue Garden, a Liberal Democrat Peer, which is not quite as lonesome these days as being a Liberal Democrat MP. I'm really honoured to be invited to chair this, the 8th Annual Lecture in memory of my wonderful husband, Tim. He would, I think, be surprised – and I'm sure he'd be delighted – that ideas and issues around security and international affairs, where he had such interest and expertise, continue to be discussed in his name. For that, we have to thank Liberal International British Group and, in particular, Robert Woodthorpe Browne for initiating these lectures, and Chatham House for hosting them. My family and I are truly appreciative and we do thank you.

Before I introduce our speaker, there are some parish notices. I have to announce that the event is being held on the record and is being live-streamed. People can comment via Twitter using #CHEvents. At the end of the lecture, there will be a reception upstairs, so our thanks to Chatham House for that.

My main task this evening is somewhat strange, as I have to welcome our speaker to his own organization and his own stage. But it is a very great pleasure to do so. Dr Robin Niblett has been director of Chatham House since 2007, a post which Tim once held. Robin has brought great distinction to the post. He has a great record in international and strategic thinking, from appointments in the United States. He is highly regarded on both sides of the Atlantic as well as further afield, as demonstrated in his award of CMG, which reflects so very well on him and on Chatham House. In addition, I gather he has only just arrived in from the Far East. He is in great demand at conferences and he's been invited to give evidence to committees in the House of Commons as well as the House of Representatives and the Senate, particularly on European affairs. I'm very pleased to see that he is a linguist and adds his voice to the campaign to increase language proficiency in the UK. He's a musician, married to an artist, so very definitely an all-rounder.

He's speaking tonight on Britain's place in the world following the general election. It's at a time when our international role is one on which not all politicians are agreed. Robin, we look forward very much indeed to what you have to say.

Robin Niblett

Thank you very much, Sue. You're right, this is strange to have it this way round. I've become quite comfortable actually doing the Q&A and being able to drop in and out, bouncing off what the speaker said. This time I'm going to have to hopefully deliver some goods for you to be able to pick up off.

It's actually a great honour to be giving the Tim Garden Memorial Lecture this year, so a big thanks to you, Sue, and to Robert, to all of your colleagues, for giving me the opportunity to do this. It's great to have an opportunity to be able to honour Tim. I always say to our staff here that the people at Chatham House at any one time are Chatham House. It isn't this kind of reputational issue that goes backwards and forwards; the reputation is built in each moment. As I well know, and Victor Bulmer-Thomas, my predecessor and sort-of Tim's successor, well know, he put in place the foundations on which we've been able to build, and at a very important time for the institute, when it really needed his kind of leadership. So it's a chance for me to say a big thank you.

The one thing I want to apologize for is giving the same topic talk as Ming Campbell in the end, because although I'm going to do Britain's place in the world, I'm conscious at the moment, and especially a year after this election, with the referendum coming up, that actually Europe and Britain's place in the world are tightly interconnected. But I don't want to talk about the negotiations that are ongoing right now, or

how to win a Yes vote, or whether a No vote has merit. I'm not going to go in that direction. I want to take this opportunity to reflect on the link between Europe and Britain's place in the world. Obviously these are my personal reflections – which I look forward to refining, I might add, as well – but it's a great opportunity to get some feedback and share them with you today.

I want to make a specific argument – or test, I might say, a specific argument with you: that the important changes taking place both domestically and internationally make obsolete the notion of a Britain that can chart its own destiny by balancing equally between its diverse channels of influence. The idea of returning to a sort of neo-Elizabethan age of British foreign policy, which I think has been partly the idea since 2010 – the idea of looking out for the world while downplaying the platform of the Euro-Atlantic base – implied a level of independent choice for Britain that I don't think will reflect the reality of Britain's international interests in the future.

Yes, Britain has notable strengths. I wrote about them five years ago when we had the last change of government. They certainly give it an opportunity to be more influential than most countries its size. But in the future, it's going to have relatively limited resources and it's going to need a geopolitical base from which to ensure its prosperity, protect its security and project its interests. As imperfect as the EU is on all levels – and I know, as a student of the European Union – I think it offers the main source of leverage for Britain in a world where leverage is essential. I think unless British policy-makers accept the fact that the country's strategic strength is going to be linked inexorably with that of its European neighbours, then Britain risks seeing its influence decline structurally and not just temporarily.

So let me start first of all with a couple comments about the decline thesis – how real is it, strengths and weaknesses. Then I want to talk a little bit about where the UK stands in this changing world, and then do a very quick historical look at Britain's adjustments that it made in the past to a changing strategic order. Then I want to argue why I believe the UK will need to recognize that the EU countries and EU institutions must be the first inner circle for Britain's international influence, surrounded then by the transatlantic relationship and reaching out beyond that to bilateral and multilateral relationships.

As somebody who has the opportunity and privilege of travelling a lot, I'm struck by the sense that Britain is in decline, that you hear as you travel around the world. I was on this platform with a couple of American colleagues and one Brit, Timothy Garton Ash, in the lead-up to the election. It was all: 'never in 25 years – never in 35 years – have I seen Britain in so much decline'. I found myself, I have to say, resisting the theory as much as they put it forward. But why this debate now?

I think partly it's perceptions. The perception is that at one level, on security, Britain has moved from being on the team on the field to being on the reserve bench of international security. The non-decision to go into Syria and the semi-involvement militarily in terms of taking on IS stand out as examples.

Second, the government has carried out some pretty severe cuts to its defence capabilities, but in particular to power projection – the size of its naval forces, the lack (temporarily, at least) of an aircraft carrier projection capacity. Senior US officials have been outspoken in their concerns about the long-term risks of the UK as a kind of P-5 contributor to international security.

Third, there is the referendum on the EU and the uncertainty this puts into Britain's place in the world, and the insecurity that it brings that maybe Britain even after the referendum might not be able to re-establish its relationship exactly right.

Fourth, we must remember the broader moorings of Britain's influence have also begun to drift. For 70 years, the UK was a privileged nation at the heart of a Western order. It risks being less influential in a UN of rising powers; less significant in a leaderless G20 than in a world when the G7 led. So you can see there is a combination of reasons why I think this idea of structural decline has taken on a certain element of consistency.

However – and this is Chatham House, a place where we do 'on the one hand, on the other hand' – I think Britain actually is doing pretty well, despite this structural decline. These are points I made in the talk. This is a country that has had to halve its deficit over the last five years and yet has come out of the crisis with one of the fastest rates of economic growth in the OECD, one of the lowest rates of unemployment. One of the most popular destinations in the world for foreign direct investment – top in the EU, second in terms of stock only to the United States, ahead of China and Germany in foreign direct investment. It is also proving particularly attractive to emerging markets. India and China are making the UK their main destination for foreign investment. Despite some pretty tough regulatory changes, the City of London has retained its position as one of the top two preeminent cities for financial issues in the world. It's the largest exporter of services, etc.

Even in the international realm, the UK continues to be in the top realm of its capacity to exert influence. It's had a 19 per cent cut in its defence budget but it's still the fifth-largest defence spender in the world, with power projection coming back into its armoury in about five to ten years' time. Despite a 16 per cent cut in the FCO's budget, it still retains a global platform of embassies and actually an increase in much of the emerging world, with particular increases in Beijing and New Delhi, but also some of the mid-sized countries (South Korea, Malaysia, Nigeria, Vietnam, Pakistan, etc.). And as people constantly point out and you all know, but just to remind you, one of the best networked countries in terms of international institutions. I think it's actually used those networks quite cleverly. I think the period of the presidency of the G8 in 2013, Britain used its hub position to push an agenda of open government, tax openness – the tax evasion debate that has now become so prevalent around the world was pushed really from a British agenda of that time. Cyber-security, internet governance, combating sexual violence – the UK has taken on the role of playing a thought leader on new international challenges. I should, of course, remind us all that we have now one of the largest foreign aid budgets, second-largest spender of official overseas development assistance in the world, and highly respected security and intelligence services.

Having just skimmed on my mobile phone this morning, this is where the Bruges Group report stops, by the way, for those who want to read it – it gives the list of all the good things. Let me now go to the stuff that isn't so good, which is the challenges. I think although the UK survived the financial crisis relatively unscathed, it now faces some pretty serious challenges that will persist through this parliament and potentially beyond.

The first are in the economic space. The UK might have cut the deficit in half, but it still has one of the largest deficits in Europe, close to 5 per cent of GDP. As a result, its debt-to-GDP is now around 80 per cent, and we're spending 3 per cent roughly of our GDP on debt servicing – about a third higher than we're spending on our defence budget. Despite the most optimistic scenarios, surpluses stand quite a long way off, and with some really severe cuts that will need to be undertaken, which at times seem difficult to be able to understand how they'll take place. If there's no tax rises going to happen, we have key areas of social spending ring-fenced, certainly the tools of international influence are likely to be the ones that will be hit as a result. The FCO may have still ended up through the last parliament with a global spread but it is a thin spread. A continuing big shift to greater use of local staff, a gradual loss of longer-term career FCO staff as a result of the change in final salary pensions and other restrictions on compensation, lack of investment in technology infrastructure when that becomes so important in being able to communicate

messages and reacting quickly to changing events. And while the MOD has some big investment coming in, certainly military officials and others that I hear commenting on these issues and those who study these issues more closely than I do, point out that we might end up with a lot of good kit but without the troops to be able to carry out and implement and use the stuff. Therefore, our capacity to project might end up being theoretical more than real. Even DFID, with its strong budget, has found its staff cut heavily under the current cuts.

So the tools for international influence are likely to remain under pressure for quite a long time into the future. At the same time, the UK is running a 5 per cent of GDP trade deficit as well. Our currently good stock of balance of payments, our large stock of overseas investments, are not providing the same returns that they used to in the past, to make up for our deficit in trade of goods, if not in services.

Ultimately, the UK is not a productive country. We do not spend sufficient amounts on R&D. We have aging physical infrastructure, low levels of educational attainment in the primary and secondary levels, a shortage of long-term capital for new businesses. These were challenges when the government came into power; they were challenges that emerged under the Labour government. We still have them today, at the start of the new parliament.

I think the second point I want to say quickly, domestically, is that there's a big question as to whether this perception of decline is cyclical or structural. I hear many people say it's cyclical: when the money comes in, we can go back to doing what we were doing before. But I think this ignores the change in British politics – and not just British politics, politics throughout Europe. The fragmentation in the power of established parties, a rise of parties like the SNP and UKIP – one represented heavily in parliament, the other not, but UKIP with 13 per cent of the British population, with a highly sceptical view of international affairs, not just about Europe but also about the United States. Both those parties are actually Euro- and US-sceptic. They will have a stronger voice.

We're also going to have a UK that spends its time fixated not just on the EU referendum but also on a whole series of constitutional adjustments. Maybe an English parliament; certainly more devolution to Scotland, maybe to some of the other national parliaments, cities. We're going to have more voices involved in British foreign policy. The idea that we can go back somehow to a period where foreign policy could be made in Westminster, paying attention here and there to shifts in public policy but not being led by them, I think that is fanciful. Ultimately, I think we're going to end up in a situation where there is a structural shift towards a much more cautious engagement in foreign policy affairs than we had in the past – not only because of the economic shortages and our capabilities, but also the changing nature of British politics.

The timing for this isn't great. I want to move to the second point, which is the external context in which Britain is operating currently. The external context holds many positive features – I don't want to underplay them. We'll go from roughly 1.8 billion to probably 3 billion people in the middle class by 2030 if growth continues in the emerging markets the way it's done so far. That will create great opportunities for British businesses, British employment, British jobs and further inward investment. But I work at Chatham House and I've got to point out the negatives as well, and the risks. If we don't point out the risks, we don't deal with them.

I think there are three in particular. The first is that there are winners and losers of globalization. The losers don't want to be losers, and the winners want to make sure that their winning continues. There is a highly mercantilist approach to globalization amongst many countries vying to develop national champions, to protect or cultivate strategic industries under non-tariff barriers. They're also looking to

raise their voice in international economic institutions. Britain is going to have to watch out that it doesn't become one of the losers, given the productivity challenges it faces right now.

There is also a much bigger geopolitical dimension to this winner-loser dimension. I think Russia is trying to avoid declining further, being a bigger loser than it's already been. The United States and China are duking out over who is going to be the stronger in the Asia-Pacific. The Middle East is worried about the rise of Iran; if it no longer is operating under sanctions, it can tap into the power of globalization. The UK could find itself pulled into some of these conflicts given its P-5 role, its strong security relationships with the United States, the Middle East, the Gulf countries. But in terms of political cohesion, material resources and international influence, it's going to find this a very difficult call to answer.

Secondly, international institutions are not emerging to deal with the pressures of globalization. The UN Security Council is increasingly in stand-off. The IMF and World Bank are losing legitimacy. The WTO is paralysed. It means that the risk of spillover from this competition between winners and losers is much greater than in the past. The US – we can talk more about it later on, in Q&A – is ambivalent about the kind of role it should play there. We might hear plenty of American political leaders saying they want to have the US going back to being a strong leader, but I would argue that Barack Obama is probably more in tune with the American people than many of the members of Congress and critics on the right say. The idea of offshore balancing, as people have described it, is much more tempting to many Americans than intervention in the future.

In the end, what we're seeing in this unpredictable institutional environment is countries are grouping together in regions to deal with problems that they find they can't deal with at a global level. So it's not just the European Union but it's the African Union, the Pacific Alliance in Latin America, ASEAN, the Eurasian Union, the Gulf Cooperation Council. Each of these are trying to find benefits amongst the likeminded.

I think the implications of this shift for the UK are significant because the extent to which power continues to drain away from the Bretton Woods institutions, the UK's ability to promote its interests in those institutions will decline. To the extent that we have greater great-power competition, particularly between the United States, China and Russia, I think the UK will find that its voice is more diluted in this kind of unstructured world. In the same vein, however close or special the UK relationship is with the US, it will increasingly become one amongst a number of key bilateral relationships.

The third key external challenge which I wanted to point out is to do with the issue of state fragmentation. State fragmentation is happening all over the world in different ways – even in Europe – but the place where it's in its most violent form is in our neighbourhood to the south, in the Middle East and North Africa, the eastern Mediterranean. We've really seen powerless, ineffective governments and a growing youth population with no sense of opportunity allowing their countries to be torn apart along sectarian and tribal lines. As much as the UK and the US and their allies try to bottle this up, we could end up in Europe with a lawless zone, something akin to Afghanistan-Pakistan, on our neighbourhood, with the risks of terrorism and uncontrolled immigration that could come from this.

So as Britain looks to the future, it's finding that its neighbourhood is now almost one of the crucibles of international instability. I think the kind of tactical adjustments that governments have been taking in the last 10 to 15 years don't fully capture the nature of the changes. Let me come now to the third part of my remarks, which is how has Britain adjusted in the past and how should we think about the future.

Britain is a country that is pretty pragmatic and has made adjustments when it's had to in the past. Winston Churchill talked about Britain's three interlocking circles: empire, the English-speaking world (principally, the United States) and Europe. Ultimately, he saw Britain sitting at that intersection between those interlocking circles, equally influential ideally in all three. The Suez crisis of 1956 put paid to that imperial vocation that Britain wanted to remain. It kept the Commonwealth but ultimately it put itself in a position of a junior partner to the US in the Cold War. But the economic decline in the 1960s and 1970s then made Britain realize it needed to commit to Europe at the same time. So while our relationship with Europe has always been awkward – we did not join up, obviously, to the single currency after its launch – we ended up in a sort of uneasy combination of those three relationships, principally the transatlantic and European, but always with that ambition to try to reclaim some of the international – imperial, you might call it, or post-imperial – connectivity.

In the 21st century, we've explored this interestingly. David Miliband really pushed the idea of a 'hub Britain', taking advantage of its NGOs, language, London as a capital city, time zones. He argued that Britain should be that global thought leader for 21st-century challenges. Interestingly enough, the David Cameron coalition government we just had continued that view, this idea of Britain being at the centre of a web of global networks. I think he wanted to wean Britain off, personally, its instinctive deference to the US and also its obsession with Europe. In a way, it was a return to Britain sitting at the intersection of Churchill's interlocking circles, but now commercial diplomacy would be the reconnection to the world.

I think over the last five years there has been some progress in this direction, particularly if we look at China. A wobbly start to the bilateral relationship after the Dalai Lama's visit, but since then Britain has been touted as the centre for internationalization of the RMB and Britain's exports to China have doubled, from about £7.3 billion to £15-16 billion over the last five years.

But really this rebalance has only been partially successful. You would have to pick particular countries to identify them. Russia, far from becoming an energy partner, has become an adversary. The Gulf states are wary of letting Britain too close to them, even commercially now, following the Arab Spring and Britain's initial support for the Muslim Brotherhood. India has ignored the idea of the special relationship that was put forward in the coalition's initial agreement back in 2010. It has turned its focus really much more to the US.

And things may actually get tougher. The emerging economies – China, Brazil, South Africa – are entering really complex transitions to move into middle-income status. They are finding this transition, as we have seen particularly in Turkey and Brazil, very difficult indeed. At the same time, our relationship with Europe has ended up in the complex environment that we all know and I'm not going to repeat here. We know the roots of the decision of why we're standing in front of a referendum. Whatever the roots of that decision, we're now in a position where Britain is seen, as Herman Van Rompuy put it, as being engaged in Europe with one hand on the door handle, which makes it difficult to be influential in Europe the way it was in the past.

The United States has also become a bit frustrated, I'd say, with the UK. I had one senior US official who described to me Britain's 'self-indulgent obsession with Europe', as she put it. Ultimately, this has fed the diversification of the US' relationships to Germany over the euro, to France (to a certain extent) on security issues and the Middle East and the Sahel. This has compounded the concern about the defence cuts.

At the core of the problem – I suppose this is my point, or my thesis – is that this continuing desire of British leaders to have maximum international flexibility, to have Britain either as a pivot or a hub or a

bridge or a connecting node in a networked world – or as William Hague once put it, a hub with many spokes coming out of it – each of these concepts imply that Britain can pursue a foreign policy that can face in multiple directions simultaneously. I don't think this approach works anymore. It's not just that it's difficult in practical terms to have your cake and eat it, in terms of how you face in multiple directions simultaneously, it's that the shifts in world order are coinciding with this decline in the UK's relative material capacities and its ability to apply international leverage.

Ultimately, I don't think Britain can think of itself anymore – and maybe it's an [indiscernible] *pensive*, they'd say in France – but this instinct that we still could be at the intersection of those interlocking circles. Instead, I think Britain has to commit to put Europe as its inner circle, have the United States and the transatlantic relationship as that surrounding circle, and then the bilateral and multilateral relationships after it. Why? As I said earlier, Britain has a difficult relationship with Europe and a long and historical Euroscepticism, which makes it particularly difficult for politicians to think of Europe being that inner circle. In fact, I think often that's the reason they don't go there, because ultimately this would involve a commitment that very few politicians have had the courage to take. One has to recognize that British scepticism has been hardened in recent years – one could say, justifiably. The EU's focus on monetary union, which had a defective design from the beginning, has raised concerns that its further integration could disadvantage the UK. Obviously the migrant issue is one that is a deep concern to many people in the UK. It has had an effect on blue-collar wage levels, on social services, even if the aggregate impact has been positive for Britain.

Then there is the sort of hypocritical element. John Major made a good point, which I know others have made as well, in a speech in Germany just recently: while Europeans are telling Brits all the time that the sanctity of movement of labour should not be touched, they don't mention the fact that according to Mario Monti, only about 20 per cent of EU services are allowed to be traded across European borders currently. When you think that services are 70 per cent of EU GDP, that is not exactly the four freedoms that the architects of the single market had envisaged.

So why then put Europe in that inner circle? Basically, I think there are three reasons, and I'll say them quickly because we can talk about them more later on. I think Britain with Europe as its inner circle has the best prospects of leveraging its economic competitiveness internationally. It has the best prospects for strengthening its security. It has the opportunity to maximize its international influence on global challenges. I think the economic argument, in some ways, is the easiest and most obvious, in the sense that as much as people put out – I think just today there's been the latest big missive in the *Telegraph* about the disadvantages to British business. But at least – I'm not an economist – if I just look and add up the benefits in terms of being able to leverage the weight of a market of 500 million people, at a time of growing global economic competitiveness and market opening, it seems to me the UK is going to be that much better off on negotiating access to these growing markets around the world as part of such a group. Even if not every trade agreement looks exactly like Britain would like it to look, as one of its biggest countries, it has the opportunity to at least design a good chunk of that negotiation to its advantage. It's highly unlikely that Britain will get better access for its services in big emerging markets, doing it by itself, than it would do within the EU. If I just take one statistic, because statistics tend to get thrown out a lot by the camp that says Britain doesn't get enough out of its economic relationship: in just the one year after the EU-South Korea agreement was signed in 2011, so in the year 2012, British exports increased by 57 per cent in that one year after the EU-South Korea agreement was signed.

Second, foreign investment. Britain desperately needs foreign investment. We don't have the long-term capital playing within the economy and our ability to attract it, which is connected to the fact that we don't just have slightly weaker labour laws, but we also have the connectivity into the EU market and we

do not suffer from the disadvantage of non-tariff barriers excluding us from Europe – again, I hear a lot of people commenting that we're still in the WTO, the tariffs would be low with Europe even if we were outside. Non-tariff barriers – product standards, regulations – that's what determines your access to a market today. If you're not writing those rules, you will be disadvantaged.

Again, maybe I'm being overoptimistic here, but one has to go against the grain a little bit. I think the timing of thinking about pulling away from Europe economically might end up being perverse. As I said, emerging markets are about to go into the transition to middle-income status, one of the most difficult transitions you can possibly make. Who knows if they'll make it? Yet at the same time, the EU and the eurozone is just starting to take the fruits of structural reform, under the whip hand of the reforms that needed to be undertaken as part of being in the single currency. It would be ironic to pull back just at the time when Europe might take advantage of its nine economies being in the world's top twenty most competitive, with some of the most competitive companies in the world as well.

A second point is security. This is where I think it gets perhaps more interesting, to a certain extent. Again, the EU is by no means a traditional security actor. It's not going to defend Britain against an overt military attack. But that's not what we're talking about in today's world of security that I've described. Ultimately, if you look to the east and even to the south and the Middle East, what will be the main determinants of security? They will be, in the case of looking south to the Middle East, counterterrorism cooperation, judicial and police, border control – all of the stuff that you need to do with the EU, as that is the route through which these threats will move. At the same time, the ability to pool financial resources, do market-opening measures and bring material resources to those countries in North Africa and the eastern Mediterranean that might help them stabilize – again, most effectively undertaken in collaboration with EU partners.

The east is the same. Yes, it's important to reassure NATO members who are exposed to Russia's revanchist outlook right now, through NATO and rapid reaction task forces and so on. But the most effective way of blunting Russia's intentions, I would say, in that part of the world is to help strengthen the political governance and the economic prospects of those EU members and neighbours with the weakest economies and governance systems. Ultimately, this is where the EU is most effective. Legal standards, structural economic assistance, energy union, competition policy, energy charters – these are the tools of resilience which will actually keep British citizens safe, as well as those countries in an independent position. Sanctions, as we've seen, can impose a cost, even if they don't always change policy.

The last area is more amorphous and I think needs to be tested, but I'll throw it out here: the ability to influence global risks, those transnational risks like climate change, pandemic diseases, cyber-insecurity, failing states. How can Britain best play in those areas? I think we've seen already in the climate change space, the UK has leveraged the EU very well. Yes, the EU got pushed to one side at Copenhagen by the big boys, but in the end – and this is in the end process – we're coming to the Paris agreements with now a coming together amongst all three big players (China, the United States and Europe) with Europe's leadership on renewable energy having brought down a lot of the costs of solar power in particular for the future.

But I think also part of the difference is going to be in the future thinking not just about climate, the issues of digital markets – where again, the EU will be incredibly important – privacy for citizens, it's also a question of making individual countries more resilient to deal with the challenges, just like we could make North Africa perhaps more resilient, or Eastern Europe in the future. In sub-Saharan Africa, EU cooperation, both bilateral with France on security, but on trade, smart financial assistance, preferential access to the EU market, can be important for sub-Saharan Africa. In Southeast Asia, anti-piracy

collaboration could be done between EU military forces who are less powerful on the security front and much more powerful in the soft security dimensions of sea lane surveillance. Even in the Gulf, one of the big challenges the Gulf will face is not just Iran but its own energy security in the future, as they consume more and more of what were their exports. Energy efficiency and integration are things that Europe can work on and the UK could be influential in that dialogue.

Some of these initiatives will fail. Some might succeed. But I think the UK will have a better chance of success if it puts cooperation with its EU partners in the lead in these areas.

So let me conclude. I think for the growing group of midsized states around the world like the UK, whose economic strength will never be preponderant enough, regionally or globally, to really be able to be influential, whose military resources and economic pull are declining in relative terms, being a key player in a strong regional institution is a critical lever for national influence. By the way, if you're a strong country with strong attributes like the UK, you can be that much more influential.

I suppose my bottom line is I think the UK – it's all about relativity. The UK will be richer, safer and more influential by committing to Europe as being in its inner circle of its foreign and security as well as its international economic policy. Should the British people decide – and they will decide whether Britain remains inside the EU or not – if they do decide that it should, then I think British policy-makers need to commit to make the most of this opportunity to increase their influence for the future, both for their citizens and for the country as a whole. Thank you.

Baroness Garden

Thank you very much indeed. Very wide-ranging and I'm sure there will be questions. We have about 20 minutes for questions.