

In Search of a Role: Rethinking British Foreign Policy

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Introduction

Leaving the European Union will radically alter many features of life in this country. One consequence will be a far-reaching dislocation of our international role and relationships. It will be a more significant structural change than Suez, and no less a shock.

In 1962, at the time of our first application to join the European Community, former US Secretary of State Dean Acheson famously said that Great Britain had lost an empire and not yet found a role. In the years that followed we did find that role, and a strong, influential voice in the world. But now, fifty-five years later, we must search again. Whatever the terms on which we leave, and even if we do not, there can be no return to where we were before.

We do not yet know how our place in the world will change. Those who called the referendum prepared neither the argument for staying nor the contingency plan for leaving. Those who argued for departure offered naive or disingenuous visions of the future. Since the vote, ministers have been caught in the headlights, and after nearly 18 months cannot agree what to do.

Brexit will consume our political and administrative energies for years, and the extent of the damage to our economy, society and reputation will influence how quickly we can reach international arrangements and realise potential benefits.

The wider context is not favourable. We all sense that Brexit is a symptom of social and political changes taking place here and in other advanced democracies, and that the referendum was a lightning-rod for fears and resentments not directly linked to the EU. Rapid shifts of political and economic power are happening across the world, as China grows; the geopolitical scene is unpredictable; and the liberal international system is on the back foot.

To find the way forward, we need to raise our eyes beyond our internecine Brexit debate, and think wider and deeper. What sort of a country do we want to be, and will we be able to be, in the future? What will we stand for? What will be the priority issues? And in the light of that, how should we organise our international relationships?

I believe we would be better off remaining in the European Union, and I hope the British people may still choose that. But in what follows I assume that we will leave in 2019 in a reasonably controlled process that avoids a disastrous rupture. This is far from certain, and a botched Brexit would leave us many fewer options. This lecture is a prescription not a prediction.

Short Term Damage

In the short term, our decision has weakened our voice and created uncertainty. Many leaders and diplomats, though not Donald Trump or Vladimir Putin, expressed bewilderment. I recall comments such as: “you are making yourselves weaker”; “Britain is voluntarily marginalising itself”; and “people think you guys are checking out”.

In evidence to the House of Lords committee on the European Union in July, William Hague said that Britain would have less influence in crafting the EU’s international approach, and as a result less influence in the world.

We saw evidence of this in Boris Johnson’s inability to interest the G7 in his impromptu proposals for new sanctions against Russia over Syria; or the scale of our reverse in the UN vote on the Chagos

Islands, when only four EU members supported us; or our hesitant responses to Donald Trump's travel ban and withdrawal from the Paris climate accord. Our reaction to his non-certification of the Iran nuclear agreement was much better.

The Economist exaggerated when some months ago it described British foreign policy as "shambolic and distracted", and our global standing as "lower than at any time since 1956". But it is hard to call to mind a major foreign policy matter on which we have had decisive influence since the referendum.

What is the Ambition?

Looking ahead, we need to be clear-eyed about what we want.

Despite the benefits we have collectively enjoyed from the open international system we helped build after the Cold War, too many people here and in other Western countries have lost confidence in the status quo. They feel disempowered and disconnected, and they want to be heard.

The problem takes different forms in different countries. Britain has paid a heavy economic price for the financial crisis, which also damaged trust and social cohesion. Austerity has cut funding for social investment, services and training. There are divisions between age groups and regions, and concerns about the social consequences of immigration and disruptive technologies.

Politicians often talk about generational challenges. The true generational question today is whether we are moving definitively away from the ideas that have shaped our world since 1989. Do we have the vision and capacity to renew that system; or are we now preparing for a different international model; or will we withdraw into national shells?

In this room some months ago, I heard Professor Margaret MacMillan say that Britain has an "involuntary internationalism"; that we are "present in European and wider worlds" and that this will continue. I agree that our instinct will be to maintain a strong international voice and presence - though we should recall our decision in 2013 not to intervene in Syria over chemical weapons, and reflect on what the foreign policy of a Corbyn government would look like.

Also in this house, I heard former Australian Prime Minister Kevin Rudd describe the UK as "part of the script of the international order and of the civilizational order." This is extraordinarily important. The world will not look after itself, and we are not free riders. As John Kerry said in a lecture in July at Ditchley Park, "the world order did not emerge out of the blue; it was built." We were among the builders, and if the edifice is shaking we should get back to work.

Many people in our extraordinarily fortunate post-war generations seem to have forgotten the very recent past. It is just 83 years – a single lifetime - since Hitler was elected in Germany. It is just 56 years since the Berlin Wall went up, and less than 30 since the end of the Soviet Union. 60 years ago, millions starved in China as a result of their government's policies. Even into the 1970s there were dictatorships in Spain, Greece and Portugal.

History takes time to unfold and there is no unwritten rule that things can only get better. It is of immense importance that we remain committed to a world of cooperation between peoples, and to an international system rooted in shared rules, that respects difference, protects individual rights and takes care of common goods. The spread of the rule of law and representative government, and the reduction of conflict and poverty, are great achievements of Western leadership, in which the UK played an important and mostly honourable role.

Policy Priorities

The poetry of this high ambition can only be pursued through the prose of individual policies. There will be shocks and surprises to knock us off course, but I see five overarching priorities:

First, as I have said, to uphold and adapt a system of international relations based in shared rules, the understanding of right and wrong, tolerance and the rule of law, underpinned where necessary by legitimate use of force. This will be even more important for us outside the EU.

Second, to address the increasingly urgent challenge of the environment, climate change and the transition to cleaner energy, with its many political and economic ramifications.

Third, to understand and adapt to changes in the global economy and their effects on international trade and on our society and domestic policies.

Fourth, to address the new security agenda: conflict and instability, proliferation, international terrorism, and cyber threats to our infrastructure and data.

Fifth, to find national and collective responses to the looming challenge of demographic change and movement of people, especially in Africa.

These are high level goals. In real life, ministers and diplomats spend most of their time on reactive, tactical foreign policy - managing the latest security crisis or negotiation. But one or more of these long-term policy challenges frequently lies behind each instance of tension, conflict or discontent, and they will shape the future in the Middle East, Russia, East Asia, or Europe.

They are collective challenges, about managing change in human society, adapting to our technological progress, mitigating our impact on the environment, and sustaining prosperity and security. They are not zero-sum issues, where one country succeeds by defeating others. They are not problems from which we can isolate ourselves. They are issues for which we can have national objectives, but not national solutions.

The Future Context

What will the future look like? We are used to a US-led world order built on western values, American security and the dollar economy. In the 1990s French foreign minister Hubert Vedrine called America the "hyper-puissance", but that dominance has receded because of the overreach of George W Bush, the domestic focus of Barack Obama and global economic and political changes.

Over the next decade I believe there will be three structural centres of global power: the United States, China and the EU. Between them they represent some two thirds of global GDP and military spending, roughly half of world trade and a third of global population. Each of them is likely to be a major regulatory arbiter in the international economy. They will exercise their power in different ways, and they appear to be diverging. China under Xi and America under Trump seem set on assertive national agendas. Differences of policy and political culture are emerging between Europe and America. The European Union, champion of international collaboration, faces serious internal problems.

I do not place Russia or India in the same league. Russia is a different type of power, relying on military strength, aggressive intelligence and opportunistic diplomacy. Its economy and population are one tenth of China's; life expectancy is ten years below the UK; despite its natural resources it cannot

compete in civilian technology. Russia will be a difficult neighbour for Europe and a dissatisfied geostrategic player. The West should find more subtle and empathetic policies to handle that.

India is exciting. Its population will soon outgrow China's and it is the fastest growing economy in the world. But India is a vast, complicated federation which has shown limited foreign policy ambition beyond its region.

Britain's Role and Relationships

Where will Britain, outside the EU, fit in this world? We pursue foreign policy through three principal mechanisms: relationships, international institutions and national assets. How will we use them? We all know the Acheson quotation I began with. But few are familiar with his full paragraph, which has uncanny echoes still today:

“Great Britain has lost an empire and not yet found a role. The attempt to play a separate power role – that is a role apart from Europe, a role based on a “special relationship” with the United States, a role based on being the head of a “Commonwealth” which has no political structure, or unity, or strength and enjoys a fragile and precarious economic relationship by means of the sterling area and preferences in the British market – this role is about played out. Great Britain, attempting to work alone and to be a broker between the United States and Russia, has seemed to conduct policy as weak as its military power. HMG is now attempting - wisely in my opinion – to re-enter Europe...”

We heeded his advice. For almost fifty years we balanced our influence on three pillars: our relationship with the United States, within NATO and the wider transatlantic community; our membership of the European Union; and our privileged position in international organisations. Each element is now in question.

The United States

I am confident that Britain will retain a close affinity with the United States. The habits and systems of cooperation are extraordinarily strong. America will remain an indispensable partner and guarantor of our security. But Donald Trump, and the trends in American society that brought him to power, make this less comfortable and certain. We have diverged on many of the policy priorities I described earlier. His uncompromising America first rhetoric seems to stand on its head America's espousal of leadership in a collective international system, projecting a transactional, confrontational view of America's interests and relationships.

The challenge for Britain will be to work out how to make a vigorous offer of support to America in preserving and reinventing its leadership; reaching out to different centres of American power, and bearing in mind that, whoever is President, America will be preoccupied with China, and have priorities in places like North Korea where Britain has no immediate role.

This should include further stepping up defence spending and our NATO activism in Europe and the Middle East, reinforcing our position as the second most important member of NATO, which remains the true heart of European defence. It may include deeper intelligence cooperation on terrorism, support for training in Afghanistan and Iraq, and collaboration on new approaches to deterrence. It should extend to a more consequential debate about future world trends and how the West, with American leadership, can anticipate and adapt to change.

Another priority is the strong trade relationship of which much is spoken. We should not, however, underestimate the challenge of negotiating a new trade regime. It cannot happen until our trade and regulatory relationship with the EU has been clarified, since what we do with one will affect what we can do with the other. Nor should we expect favours, because political and corporate America are single-minded in pursuit of their interests - as Bombardier and America's wish to reopen EU and UK agricultural tariff quotas remind us. Moreover, market opening is a two-way street, and we know how many British people feel about chlorine-washed chicken, GMOs and investor state dispute settlement.

Europe

Unlike the current US administration, we agree with EU countries on most of my policy priorities, which is hardly surprising as they live near us and look out on a similar world.

The EU has been a powerful multiplier for our foreign policy: on Iran, on Russia, on climate change, on sanctions against Syria, in Somalia and in the Balkans. This was acknowledged in the Government's recent paper on the future foreign and security partnership. Speaking together, we project the weight of a huge market, attractive societies and almost 500 million people. That number may be dwindling in comparison with the populations of China, India and Africa, but it is approaching ten times that of the UK.

We sometimes belittle the international influence of other European countries. Yet France is a nuclear power that spends roughly the same as us on defence and more on diplomacy, and has given strong leadership in Africa; while Germany is a more successful global trading power, and leads European diplomacy on Ukraine and Russia. Collectively, for all its faults, the EU still has immense power of attraction and influence.

Leaving will make it harder to harness this behind British policy. It will also induce EU countries, released from the British brake, to pursue closer collaboration in foreign, security and defence policy. We should welcome that if their purpose is better performance rather than dogmatic institutional integration, but it will not be good for the UK if we are left outside.

We have strong cards to play. Whitehall correctly argues that Britain offers diplomatic, intelligence, aid and especially military capabilities which are indispensable for both the EU and NATO. The EU know they need us. France knows it needs us. But finding structural and procedural solutions will not be simple, because EU members see the EU as the primary mechanism for most of their international activity. They struggle with our notion of "leaving the EU but not leaving Europe". They will continue to discuss and take positions, day in day out, week in week out, in meetings where we will no longer as of right be present. Influencing from without is much harder than leading from within.

One priority should be to intensify bilateral cooperation and to work in small groups with influential EU and NATO members, or the G7. However informal groups do not have clear decision-making mechanisms and their effectiveness can depend on personalities and goodwill. Our bilateral relationships will be structurally weaker, not stronger, after Brexit, and France and Germany will be looking to work together through EU machinery.

This means that we shall need to make attractive proposals for how we want to work with them. To provide clarity, for example, on how we will link our national policy on sanctions to that of the EU; to settle our participation in intelligence sharing and police collaboration; to keep operational military cooperation active, and be ready to participate in and even lead EU military operations; and to decide

how we will engage in European defence procurement programmes. Sustaining this will require a huge investment of time and a large embassy in Brussels.

In the longer term, our mutual interest in collaborating should lead the UK and the EU to think more creatively about models for more flexible EU structures, allowing us and other non-members a more comfortable and constructive role.

But William Hague was right that Brexit weakens our hand on both sides of the Atlantic. For years we have exploited our role as what Tony Blair called the “bridge”, and Hague calls the “hinge”, between Europe and America. Now our purchase on both will be reduced. Washington will look to Berlin, because Germany will be strongest in Europe. Under President Macron, France is regaining momentum. In future we may find ourselves pulled in different directions on issues like Palestine. To mix the transatlantic metaphors still further, will Britain outside the EU have the statecraft and heft to become the third leg of an EU, US, UK tripod?

China and Other Relationships

Clearly, not everyone agrees with the importance I attach to Europe. They see greater promise for “Global Britain” in dynamic relationships further afield. I agree that Brexit should spur us to pursue vigorous policies that reflect rapid changes in the world, but many of the claims about what can be achieved are illusory.

Despite the changing pattern of world growth, there is no way in which the BRIC countries, which together account for less than 10% of our trade in goods and services, will outweigh our major trading partners in the European Union, who account for some 45%, for a very long time, if ever. It is illogical to damage our position in our major market in pursuit of this goal. Moreover, EU single-market membership need not inhibit us from trading globally, as Germany’s success in the Chinese market shows.

Things will continue to move fast while we are focussed on Brexit. If we take five years to sort it out, at current growth rates the Chinese economy be almost a third bigger than today, an increase that is double our total GDP. Nor will new trade preferences then fall into our lap: they will be won through tough negotiation over time, and competitors will seek similar advantages, sometimes from positions of greater economic and political strength.

In foreign policy, neither China nor modern India shares our interests or outlook like our fellow Europeans or the US, Australia, Canada, New Zealand and Japan. It would be foolish to see them as an alternative to our core relationships with western democracies. They will not stand beside us in arguing, or fighting, for the world we believe in. How keen are we on “socialism with Chinese characteristics?”

But, as with Russia, there will be opportunities for innovative, positive diplomacy. Britain should aim to be a political and economic bridge-builder to China and other Asian or Eurasian countries. We should seek financial and business opportunities from the huge Belt and Road initiative. We should support sensible steps to reflect their interests in the international system, and promote global regulatory standards that open trade. And we should imaginatively use non-traditional policy channels, harnessing the global reach of the City of London, our universities, science, football, fashion and music.

In this, we should nurture the Commonwealth as a valuable global network. But, like Acheson, I do not believe that it offers the UK an international base comparable to the EU. Its members have very different interests. Does anyone seriously think that India or Pakistan, or even Australia or Canada, want it to be a close-knit international bloc led by the UK? Similarly, although we have immensely valuable partners in the so-called Anglosphere, they have different political, strategic and economic priorities, and no appetite for a formal group led, inevitably, by America.

We should approach this with common sense. When they came to office, both Theresa May and David Cameron made “strategic partnership” with India a top priority. But it seems neither thought enough about the relationship India wants with us, since our share of the Indian market has continued to fall while our political ties are not notably stronger. Successful foreign policy calls for careful analysis and sustained effort, not sound bites and wishful thinking.

Institutions

Britain’s privileged position and success in international organisations stem from our founding role in many of them, our committed multilateral diplomacy and our mastery of English. But confidence in their ability to resolve problems is falling and many have become sclerotic. In the years ahead, I expect Britain to remain a leading member of global and regional organisations - the UN, IMF, G7, G20, NATO, OSCE, WTO, OECD and many more - but we will need new ways of exerting influence.

The EU has often been our most important amplifier. When we delivered a collective EU position in the UN or the WTO, we delivered 20% of the world economy and 7% of the world’s population. In future the figures will be 3% and 1%. France, the country most comparable in capacity and ambition, will continue to represent the assets of a wider European constituency. Over time, leaving the EU will raise more eyebrows over our Security Council veto.

We should do four things. First, think hard about which organisations matter most to us - especially which will be most significant in future - and focus our energies. Second, be active proponents of progressive reforms which increase their legitimacy but do not damage our interests. Third, look within each body for wider partnerships to buttress our views. Fourth, work to strengthen our presence in leadership roles, through a systematic policy of placing able British officials and politicians in positions of highest influence. Successive British governments have paid too little attention to this.

National Assets: Home and Abroad

As for national assets, our foreign policy tools in defence, diplomacy, aid and intelligence remain strong for a country of our size and standing. There is rightly much concern about the pressure on the defence budget, which makes it even more important to make good choices, prioritise our capabilities and work closely with allies.

I have spoken before about the short-sightedness, even in hard fiscal times, of cuts that significantly damage the small budget of the Foreign Office without making any material difference to public spending, and of the imbalance between spending on aid and diplomacy. It is surely obvious that a successful foreign policy outside the EU will require an increase or redirection of resources.

That also means attracting and retaining top quality people and respecting their expertise. The Foreign Office is not geared up for the task ahead, and has been disempowered by the short-term

reorganisation of Whitehall for Brexit - notably the unnecessary creation of a Department for International Trade. Whitehall will have to be restructured for the long-term.

This raises a deeper question about how we connect domestic and international policy. Gladstone said that the first principle of foreign policy is good government at home. It depends on economic strength and projection of confidence and power. In recent years, notably since the London Olympics, the UK enjoyed great success in projecting soft power – the power of attraction.

The vitriol over Brexit is undoing that, revealing fault lines in our society and animosity towards foreigners. Our political establishment commands little respect abroad, and the negative economic consequences of Brexit are beginning to show. To have a successful foreign policy, we need to fix the roof back home. That means convincing people that those in positions of power are committed to helping them achieve a better life through fair taxation and investment in infrastructure, housing, and education. Leaving the EU is not the answer to this challenge: it is a massive displacement of effort.

As part of this, we should think afresh about how we conduct foreign policy. It is still directed by a specialised elite who think in traditional ways and are relatively inexperienced in domestic politics, economics, finance, technology or business. Equally, domestic departments in Whitehall are too parochial. The answer is not simply rearranging familiar foreign policy furniture; we should aspire to a more integrated approach to the world. To take an obvious example, we need immigration, trade, skills and higher education policies that are mutually reinforcing and serve a coherent strategy at home and abroad.

Conclusion

We have hardly begun to think seriously about the consequences of leaving the EU for our international future. Even if we decided to stay, reappraisal would be needed, since we could not revert to our previous stance of progressive disengagement. If we leave without a deal the challenges will be far greater than I have described, and the chances of success far smaller.

In a time of great uncertainty and unpredictability, we shall need to be clear about what we stand for, our values, our policy priorities, and the means of achieving them. We should be positive and seek opportunities, but also realistic. And we should not turn a blind eye to history.

The first practical step must be to build a positive relationship with the EU. The road to Global Britain will still begin at Calais, and our relationships with other European democracies will remain central to our foreign policy. To contemplate simply walking out and looking elsewhere is a simplistic fantasy. We should put forward well-crafted initiatives for how we will work together in foreign, security and defence policy, as in other fields.

We should also think carefully about what a free-standing UK will offer to our leading ally the United States and to NATO. Strong military and security assets will be still more important if we are to establish a new position of weight and influence in the Western community, alongside America and the EU. Beyond this we shall need an intelligent, targeted and sustained approach to building ties with other countries, above all China, and imaginative ideas for how to operate successfully in world organisations.

The necessary foundations for all this are successful government at home and a strong economy. Clearly, there is much to be done.