

Renewing the Transatlantic Alliance

John C Whitehead Lecture

Dr Condoleezza Rice

Director of the Global Center for Business and the Economy, Stanford University; United States Secretary of State (2005-2009)

Chair: Dr Robin Niblett CMG

Director, Chatham House

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Robin Niblett

Ladies and gentlemen, welcome to Chatham House. I'm Robin Niblett, director of the institute. It's my very great pleasure to welcome you all today for the John Whitehead Lecture. We are absolutely thrilled that Dr Condoleezza Rice will be giving the lecture this year on 'Renewing the Transatlantic Alliance'.

We've had a number of distinguished speakers give this lecture. We're absolutely thrilled that Condi Rice, who has served in some of the more senior positions of the US government, both as secretary of state and national security advisor, but who also, like many Americans, has combined what really is in her case an academic career – not simply a bit of academia on the side of government, but somebody who joined Stanford University in 1981, who is now the Denning Professor in Global Business and Economy in the Stanford Graduate School and a senior fellow in the School of Public Policy at the Hoover Institution, which is based at Stanford. She is, like many people do also, the founding partner of RiceHadleyGates. I'll let you work out those three names that are combined there.

But the point I would like to make about Condoleezza Rice is that she is somebody who takes her teaching very seriously and has been elected twice as the best professor, the best teacher, at Stanford University since she joined the faculty in 1981, both in 1984 and 1993. So somebody who is going to be able to both go into the policy, from your direct experience, and step out from it.

She is also therefore emblematic of the person after whom this lecture is named, John Whitehead. I wanted to say a quick word about John Whitehead here, who very sadly passed away earlier this year. He came and attended a number of these lectures since I've been director here, in 2007. It makes it all more moving a day to be honouring him, Condi, with you coming to share these remarks at this time.

John Whitehead was somebody who drove one of the landing craft into Omaha Beach on D-Day, then went into the private sector and into banking. He served over 30 years at Goldman Sachs, becoming one of its co-CEOs, co-chairmen. But he also, after leaving government, then went and did public service, as deputy undersecretary of state and also on European affairs – spent a lot of time coming to London, where he got to know Chatham House – but also helping rebuild New York as the chairman of the Lower Manhattan Development Authority. At times when many of the rest of us would be thinking about retirement, he was dedicating himself to public service, having also dedicated himself to helping build up a great business in the United States beforehand.

So I think, Condi, it's just great that you would come and give the lecture this particular year, as we honour John Whitehead. We look forward to your remarks on this important topic. Thank you.

Condoleezza Rice

Thank you very much to Chatham House, and thank you, Robin, for that wonderful introduction. I will say, when Robin said twice that I'd been at Stanford since 1981, I'm hoping you're all thinking: my goodness, Stanford hired a faculty member at the age of 11, that's really quite something. I'd like to thank Ann Asher [phonetic] for really being the inspiration behind this lecture. Of course, it is indeed a great honour to give this lecture in John Whitehead's name. He was the epitome of a public servant, someone who put self well aside so that he could serve the country on numerous occasions. He was a personal friend and a mentor to me. I'm honoured to do the lecture in his name.

I'm going to spend a few minutes talking about what I'll call the international disorder. Then Robin and I will have a bit of a conversation. Given he's one of the very best conveners I know, I'll keep my remarks to a minimum so that we can have a chance for real interaction.

When I go around the country or the world, I think everyone feels the sense of, I'll call it, international disorder – that in fact the international system is not just chaotic at this point but it's actually dangerous that there are multiple crises that we seem to be dealing with. I would like to suggest that these are not actually discrete crises. This is really the breakdown of the international order as we have known it essentially since the end of World War II.

It was an order that was based on two very important principles and one very important fact. The principles were that free markets would allow a free trading system in which the international economy could grow. Those who constructed that system after World War II were haunted by the way that World War II had come out of a sense of competition for resources – Japan Germany, France – and also by a Great Depression that had been driven in large part by beggar-thy-neighbour policies, by a sense of a fixed economic pie that everybody had to divide more finely. They wanted to create a different vision for the international economy, that it would be one in which a growing international economic pie – if everyone were willing to have open economies and trade in freedom – would make everyone more prosperous.

They created great institutions to make that true, like the IMF, initially just to try to get the monetary system working again, but also the World Bank, which would reconstruct countries that were devastated by war and later become a focus for those developing countries emerging out of colonialism. They created the General Agreement on Tariffs and Trade, not so much just a sense of trade agreements but a set of rules for an international economy that would trade in freedom.

They also believed that free peoples would be more peaceful than those who had been oppressed in authoritarian regimes. They were haunted by the spectre of imperial Japan, by the spectre of Nazi Germany. But instead of just saying, all right, we'll just divide these countries up and keep them weak, they sought to create a democratic basis for governance. In Japan, with a peace constitution that looks, I have to admit, remarkably like the American constitution in terms of its political structure. But also, having faith that that part of Germany which was free under Western occupation would create democratic institutions, and that Germany and France would never fight again. If you had said in 1946, Germany and France will never fight again, people would have thought you a little bit mad. But indeed, these two great democracies did exist side by side.

This was all to be protected by a fact: this time the United States would not leave, in terms of its commitments militarily to defend the system of free markets and free peoples. We had left the last time, after World War I, only to be drawn back onto the continent a couple of decades later. This time, we would commit to the defence of Japan but we would commit also, in a remarkable phrase, Article V of the Washington Treaty: 'an attack upon one is an attack upon all'. When you consider that this was at the time that Josef Stalin's forces were astride much of Europe, it was quite a commitment to make, that the United States would come to the defence of its allies if necessary. George Robertson reminded me recently, just a little bit ago: of course, the only time that Article V was actually invoked was on September 12th, 2001, when NATO voted Article V: an attack upon one is an attack upon all.

That system – free markets, free peoples, protected by permanent American willingness to defend the continent and beyond – succeeded brilliantly, was wildly successful. Millions of people were lifted out of

poverty, millions of people into freedom. But it's been buffeted in recent years by major crises and major shocks.

We thought that after the Soviet Union collapsed in 1991, our work was kind of done. After all, we had defeated the great Soviet rival and the Soviet Union seemed, as Russia, ready to enter this world of free markets and free peoples. Friends of mine, including the great book by Frank Fukuyama, wrote about 'the end of history'. People talked about peace dividends. Then on that terrible day, September 11th, we would learn that in fact history was back, and it was exacting a different type of revenge.

The first shock would be that it was perhaps not powerful states that were the real challenge to us but these ungoverned spaces. After all, Al-Qaeda had come from Afghanistan, the fifth poorest country in the world, to wreak havoc on the United States of America that had not been so since, I'm sad to say, the British burned the White House in the War of 1812. 9/11 would create a different kind of problem for homeland defence and for democracies trying to balance civil liberties and security, trying to understand how you could exist as a free society if there were untrustworthy among us. It was a challenge not just to our security but to our values.

Then we would have a second big shock, of course. The great financial crisis of 2008 would create governance crises across the world. We're still dealing with those governance crises because now we see a world in which populations seem no longer to trust their governments to deliver for them. We always talk about the problems of young democracies not being trusted by their populations, but we're talking about mature democracies. Not just a younger democracy like Brazil, which is having a crisis in its presidency, or the young democracies we see, but also in Europe and in the United States, in Japan. Populations that are not sure any longer that democratic governance can deliver what our founding fathers called 'the ability for the pursuit of happiness'.

The Middle East, of course, a huge crisis, as the state system unravels that has been in place since the end of the Ottoman Empire, under the pressures of populations that are saying 'enough' to dynastic authoritarian regimes that don't deliver, and saying so in a time when what happens in the village doesn't stay in the village – so a shopkeeper who self-immolates in Tunisia brings down the Mubarak government in Egypt. Under the klieg lights of social media and rapid communication, these weak boundaries between states that were held together essentially by monarchs and by dictators are under extreme pressure.

And, of course, we have the resurgence of great power rivalry. China, a rising power, more assertive in international affairs than it has ever been, building sandcastles in the South China Sea, daring people to come near them, which apparently the United States has just done. The problem with that kind of assertion is not that anybody wants war, it's that mistakes happen. I was national security advisor on the day that the Chinese downed our aircraft on Hainan Island. It wasn't intentional. It was a Chinese pilot hot-dogging in international airspace. Hit our plane, kept our crew for more than a week. Dangerous crises happen when big powers start to throw their military weight around.

Of course, there is Russia, asserting under Vladimir Putin that Russia will be great again. That it will avenge, as he called it, the 'greatest tragedy of the 21st century', when the Soviet Union collapse. That Russia will no longer be humiliated by a West that really doesn't want it to be a part. Our hopes have been, of course, for a Russia that wanted to be a part of that vision of free markets and free peoples. But, perhaps impatient with the results of having joined that system, it's turning back to a different Russia, which is always somehow dependent on its sense of empire for identity, and its sense of military prowess for influence.

Now, this set of problems, these challenges to the international system that we helped to create together – because that system really was a creation of the transatlantic relationship – needs the transatlantic alliance more than ever. I know there are talks about pivots to Asia. But ask any American if they really think that our partner in the issues, whether it's the global challenges of poverty reduction or cyber security or terrorism or climate change – will our partners really be the Chinese? Will our partners be Russia? Who will be our partners?

When Americans say we want others to be a part of this, to help share the burden, they really mean Europe. From my point of view, it's especially a Europe with a transatlantic link through Britain. The agenda for that transatlantic alliance is, of course, different today than it was in 1945 or 1946. Then it was to keep at bay a Soviet Union that seemed intent on creating an alternative reality, one of state ownership of the means of production, one of the suppression of peoples within Russia's shores and without it. Today that agenda is different but nonetheless equally important.

I just want to suggest a few points on that agenda. First, we in the transatlantic alliance have got to repair a growing divide between those of us who were fortunate enough to be on the right side of history in 1946 and those who didn't get there until 1991. There is great tension between the newer states of NATO and the European Union – the Poles, the Baltic states and others – because they are not so sure that the NATO and European Union membership means the same if you are from that younger generation of members. They feel, for instance, that people are not paying attention to what they think is really going on in Moscow. So reassuring the East Europeans so that we are all together on the same page again is critical.

A lot of that can be done by work in NATO. I was heartened this morning to see a headline that says that NATO is considering more permanent stationing of forces in the Baltic states and Poland, in states on Russia's borders. I think that would go a long way toward reassuring the East Europeans and the Central Europeans that Article V also applies to them.

I believe that we can do great work again around the issue of free trade and free markets. I'm a great supporter of the Trans-Pacific Partnership that President Obama has just concluded, but I hope we will move quickly to a European free trade agreement, which is also on the table. We need growth, Europe needs growth, and trade promotes growth.

We have a chance to create an entirely different picture for energy. When I was secretary of state, oil went to \$147 a barrel. Nothing works diplomacy like \$147 a barrel in oil. It allowed Vladimir Putin to play all kinds of games with Ukraine and Europe about Russian energy supply, on which, by the way, Europe is still far too dependent. It allowed Hugo Chavez to buy elections throughout Latin America. It allowed Iran to resist dealing with its nuclear programme. It finally came to the table – we can talk about the agreement – but I can assure you that low oil prices played its part.

To restructure our energy supply around a North American platform and the ability to use sources of energy that are not tied to these terrible places would be a great geostrategic victory. For our part, I hope the United States is actually going to finally get rid of an age-old and really quite archaic notion that we cannot export energy supply.

Cyber security and the ability to deal with this tension that privacy and security has created among us. I am very saddened by what Edward Snowden has done in making us so distrustful of each other when it comes to issues of big data and the transfer of this information for law enforcement or intelligence purposes. Wherever you stand on that issue, let me assure you that the United States and Europe stand

closer on the continuum about issues of privacy and data than do the Chinese or the Russians. So we need to repair the issues of trust around that issue.

Finally, we have to agree to play a long game. International politics is rarely about quick and easy victory. I was the White House Soviet specialist at the end of the Cold War, and frankly, it doesn't get better than being the White House specialist at the end of the Cold War. I got to participate in the liberation of eastern Europe and the unification of Germany and the beginnings of the collapse of the Soviet Union. I was harvesting – all of us, harvesting good decisions that had been taken decades before. In 1946, when the Italian communists won 48 per cent of the vote and the French communists 46 per cent of the vote, the issue wasn't would eastern Europe become communist – people worried about western Europe. In 1947, there would be civil war in Greece and civil conflict in Turkey. In 1947, 2 million Europeans were still starving, necessitating the Marshall Plan. In 1948, Czechoslovakia would fall to a communist coup. The Soviet Union and the United States would have a major crisis over Berlin. We thought Germany had been split forever. Harry Truman would recognize Israel and war would break out in the Middle East the next day. In 1949, the Soviet Union would explode a nuclear weapon five years ahead of schedule, and the Chinese communists would win. In 1950, the Korean War would break out.

Do we really have it so bad now? If I had said, here's what's going to happen: in 1989, the Berlin Wall will come down, not a shot will be fired. In 1990, Germany will unify, totally on Western terms. East Germany will go away. A Germany will emerge that is strong, democratic, at the centre of the European Union and united in NATO. On December 25th, 1991, the hammer and sickle will come down from above the Kremlin for the last time – 75 years of communism? Never mind. Oh by the way, in 2006, an American president will go to a NATO summit in Latvia. Had I said that in 1948 or 1958 or 1968 or 1978 or 1988, people would have thought me mad. So it takes time.

In that regard, patience with the people of the Middle East as they try to sort out issues that we sorted out centuries ago, about the relationship of religion and politics. As they try to sort out issues that we sorted out years ago, that institutions should be there where people can actually believe that their interests can be protected by these artificial things called institutions rather than by family or clan or religion, or going into the streets for violence.

Democracy is not so easy. All of us know that. Britain, centuries ago. But the United States maybe not so long ago. After all, in 1952 my father still couldn't vote reliably in the state of Alabama. Democracy takes time.

And, I would extend that patience to the people of Russia. It is my great hope that we can deal with an assertive Russia, a troublemaking Russia that seems perfectly happy to partition states, keeping their adversaries weak, even if their people can only rule part of a country – that's okay. Make eastern Ukraine weak. Make Moldova a split country. Make Georgia a frozen conflict. Oh by the way, perhaps in Syria, just control a third of it with your people, and whatever happens in the rest is just fine.

But that isn't the Russia of the future. That 20 years mattered, between the end of the Soviet Union and now. There is a different population of Russians, many of whom you've studied with, you've worked with. Many of whom have never been outside of Russia, but they spoil their children at Toys R Us and they buy their furniture at Ikea. This isn't the Russia that they bargained for either.

We have to find a way to isolate Putinism without isolating Russia, because in the long run a Europe that is whole, free and at peace – the dream of those great patriots in 1945 and 1946 when things seemed so bleak – that Europe will be safer, more secure and more complete if there are no longer boundaries

between East and West. That is the dream that we must keep in mind as the transatlantic relationship enters a new phase. Thank you very much.

Robin Niblett

Thank you very much, Condi, for those thoughts. I thought your opening remark was particularly telling, your point that these are not a discrete series of crises but they are revealing a breakdown in international order. You went through your three key dimensions and dynamics of that. A challenge to free markets, ultimately maybe a loss of confidence in some of the institutions you described – the IMF, the World Trade Organization. You talked later on about how TTIP (the Transatlantic Trade and Investment Partnership) and others might help reengage some of that. Free peoples and the lessons that have been learned, and then you pointed out some of the challenges to free peoples both in ungoverned states but also in Russia and China. And then most tellingly, and if I may just throw a first question in before drawing in members and guests here, the US commitment to defend, the 'promise not to leave' as you phrased it, the lesson learned painfully twice over in the beginning of the 20th century when the US came twice – once obviously in much greater numbers than the first time.

If I could just come to that quickly, that point on that third one about where the US is right now in your opinion – you've got a bit of detachment now from your time in government. I know you obviously follow US politics closely. But where do you think the mood of the country is? Certainly here there is a sense that America is disengaging itself to a certain extent, or certainly being selective about where it engages and how it engages – some people use the term 'offshore-ish' kind of way rather than an institutionally committed way. Could you just say a word or two about where America sits, as obviously one corner of this transatlantic relationship.

Condoleezza Rice

I think there's no doubt that Americans feel that we have carried the burden of leadership for a very long time. After the Soviet Union collapsed, weren't we done? Then there's Al-Qaeda, and weren't we done? We've tried and there's Afghanistan and Iraq, aren't we done? There's no doubt that that is there, and a sense that we have a big agenda at home. That is all true.

But it is also true that people can hold in their heads contradictory thoughts at the same time. On the one hand, you can hold the thought that you'd really like to leave those people to their own devices, especially in the Middle East, where Americans see just chaos – but at the same time, be quite unhappy with the results of leaving people to their own devices. So when you see in the 21st century people being beheaded on social media or burned alive on social media, or hear of eight-year-old girls being raped in the middle of the Middle East, people say: no, I didn't buy on for that either.

I believe that what Americans are looking for is leadership to help them resolve those contradictions in a way that says: we can't do everything, nobody wants another large land war in the Middle East – I don't want another large land war in the Middle East. But there's so many elements short of a large land war in the Middle East. I do think that Americans do recognize that when reminded of the lessons, for instance, of 9/11, that if you don't go to try to help resolve the troubles, the troubles will come to you. You can't live on an island these days. If ISIS, by the latest numbers that I've seen, maybe it's 40,000 or so core, it will one day be 100,000, if it isn't defeated. By the way, a lot of European passport holders, a few American passport holders, do you really think they're not going to come home? Do you really think that isn't the homeland problem?

So just sketching out for Americans that we don't have the luxury of simply sitting – somebody has to believe in shaping the international system, or the system will shape you, in terms of what's possible, your security and prosperity. I think that's the argument to the American people. I frankly think, after a while of hearing, well, we can withdraw, and then seeing the results, I think they might be up for it.

Robin Niblett

I was just, as I do once a year, having a little read of Vladimir Putin's Valdai remarks – it's always an interesting thing, I'm sure you do this as well.

Condoleezza Rice

Yes.

Robin Niblett

Certainly when I was reading it last year, I thought, did he realize that George W Bush had left the White House and Obama had been in for five years? Because it was as if America was still out there doing everything. But one of his arguments is: America actually created the disorder. That the mismanagement of the Iraq crisis unleashed this disorder somehow, and now having unleashed it, you guys are stepping back. So, you know, 'we've got to step in'. People nod in the UK and so on. What do you think about that line?

Condoleezza Rice

Let's take Iraq first. I fully understand that we pulled some of the pins out of what had been stability by tyranny under Saddam Hussein. But what had stability under tyranny bought us? It had bought us a couple of wars against allies. It had bought us a million people dead. It bought us mass graves and it had bought us a weapons of mass destruction threat, which though not as immediate as we had thought – the intelligence was clearly wrong – I don't know about a Saddam Hussein faced with an Iranian nuclear weapon and how he might have reacted to that. So I think the problem is, yes, we pulled some of the pins out of this system that was getting weaker, because the state system was under pressure and the Arab Spring would then kind of complete that.

But we had nothing to do with Libya. The United States did, but those of us who were involved in Iraq did not. The problems in North Africa, you can go on and on. The Syrian conflict, I think, is really the one that spilled over and gave ISIS oxygen. Because while there might have been some disaffected people from Saddam's forces and the like, the ability to occupy that swath of territory was not because of the Iraq situation. It would have been, I think, better had we stayed. Had we left some forces there, we might have seen ISIS coming. But whatever you want to say about all of that, the collapse in Syria really is what created that.

Now, to Vladimir Putin's 'I just want to create order and shouldn't you thank me for it'. We make a very big mistake if we think that his concept of order and our concept of order are the same. There is no doubt that he worries a lot about extremism and terrorism. The first conversation that we had with him in July of 2001 in Slovenia, long before 9/11, was about extremism.

However, his idea of stability is: let's just control that part of the territory that we can control. We'll leave eastern Ukraine as a failed state because at least Kiev can't control it. My people may be making a mess of

it but at least Kiev can't govern it. Let's leave Moldova and Georgia as frozen conflicts. I'll work with the Abkhaz and the Ossetians but then Tbilisi can't really control all its territory.

Watch out in Syria that you don't get a peace proposal that is essentially based on the same idea. Assad and his people will control the third that they can, the rest of it will be terrorists and unspeakables, and we'll just kind of keep them at bay. Then we'll go to the peace table and we'll negotiate a future for Syria based on Assad or somebody like him – because Vladimir Putin is not sentimental about Assad. If he's ever a liability, it will be somebody else. But that will defend Russia's interests. That will defend Iran's interests. How good to have in the Iranians an ally that has a disruptive vision for the Middle East that can keep everybody off base.

So the idea of Vladimir Putin as the saviour of stability, let's just say I don't buy it.

Robin Niblett

You're not buying it. Clearly. Let me bring other people in.