

## ➤ Lord Charles Powell of Bayswater

**The Coalition Government has been engaged in two separate exercises which affect the future of our defence and diplomacy. At least they should have been separate. The first was the comprehensive spending review to deal with the deficit amassed by the previous government, requiring severe cuts in public spending over the next few years. The second exercise was the Strategic Defence and Security Review (SDSR), whose task was to evaluate the role in the world which Britain should play in the future and well beyond the horizon of the spending review.**

The distinction is important. Britain is not facing a strategic watershed moment like the East of Suez decision or the end of the Cold War. We confront a deficit crisis and defence and diplomacy have had to take their share of reducing the over-draft. But the longer-term strategic agenda should not be dictated by Treasury spending hawks. I remember the advice which Harold Macmillan gave Margaret Thatcher at the beginning of the Falklands War not to let the Chancellor of the Exchequer be a member of the War Cabinet, because all the Treasury ever did was agonise about cost when more important issues were at stake. There are international challenges which have to be picked up and undertaken despite the cost, because they are as vital to our future as a nation as is spending on health and education. The political case for Britain to bear the costs of a continuing world role may be harder to make, but that is what leadership is about.

### **HOW HAS THE SDSR MEASURED UP AGAINST THIS YARDSTICK?**

In terms of analysis of likely changes in the world to which we shall need to adjust, quite well. But they tell only part of the story. As important is our own innate perception of what our international role should be. The temptation is always there to ask why Britain should bother to take on the burdens and costs of an active and prominent role in world affairs when many other countries of our size do not. Why should we not be just another average, unambitious European country which free-rides on the European Union to represent its interests – and on pax Americana to protect them?

There are several answers to that question. The first lies in our DNA. We have developed over centuries of history the self-confidence that as a nation we are better placed than others to make the right choices and do the right thing. That remains a core instinct of our foreign policy.

More concretely, in a world which is re-nationalising with the resurgence of China, India and other emerging nations, we cannot rely on multilateral organisations to safeguard our interest, but shall need to remain significant players in our own right. That, not prestige, is why we should continue to pay the membership fee to be a permanent member of the UN Security Council, to maintain a nuclear deterrent and to preserve the capability to intervene militarily where our national interests are at risk.

There is also an ethical aspect. Having the capability to intervene in a Sierra Leone or other failing states is every bit as worthy as spending on alleviation of poverty and committing to the 0.7 per cent GNI target for ODA. Indeed, from the point of view of the poorest people rather than their often corrupt governments, it is probably more valuable.

The real question is not “why us?” but “if not us, then who?” The United States which most closely shares our outlook cannot reasonably be expected to bear the burden of global security alone, particularly as its fiscal and economic management woes will increasingly inhibit the exercise of American power. Other European countries by and large lack the political will to handle the big security issues. Unless Britain continues to contribute to common causes above its “quota”, America will become progressively less respectful of our interests. Our ability to ensure the best outcomes for Britain in a world populated by new behemoths will be unacceptably constrained.

So I have no doubt that the way the world is evolving and our national instincts and interests both point in the direction of an active and ubiquitous foreign, security and defence policy for Britain. Nor do I expect that outlook to change significantly as the face of Britain itself changes as a result of immigration bringing people of different ethnic origins, religions and regional interests into the British polity. Our composition has been diluted repeatedly over the centuries without weakening our vision of Britain as an outward-looking, globally-involved power.

What are the practical conclusions one should draw for future policy? The first is that restoring Britain's economy is as much a foreign policy as a domestic priority. An under-performing and debt-ravaged economy narrows our options and hobbles us from pursuing the foreign policy which our interests require. Margaret Thatcher demonstrated during her time as Prime Minister how re-invigorating the economy restored both national self-confidence and earned us renewed international respect after a debilitating period of seemingly interminable decline. A similar restoration of our economy will be needed this time and the Government has grasped that point.

It will remain no less important than in the past to stick close to the United States. Perhaps now election campaigning is over, we can forget the tripe about a ‘slavish’ relationship and recognise that a close relationship – whether special or not – is

based on mutual interests. The United States needs close allies: Britain needs to be able to leverage off American assets and goodwill. This will be all the more important as the United States switches its attention to new concentrations of power in Asia and elsewhere among the BRICs and gives lower priority to Europe, as it is already visibly doing. The notion that we only count for the US as part of the European Union is redundant. Of course it helps that we are a member, but we count far more to the extent we are prepared to go beyond EU policies and commitments.

An equitable relationship with the EU will be a high priority. There is nothing to be said for picking quarrels with other Europeans and everything to be said for making clear in advance where our red lines are, to avoid future misunderstandings. But the EU will remain too cumbersome and risk-averse to cater satisfactorily for our security: it can only be an add-on for our national role not a substitute for it. Baroness Ashton's embryo European diplomatic service will be able to represent only unanimous and too often anodyne and minimal European views.

Early experience of the new National Security Council machinery looks encouraging in securing better cross-Whitehall collaboration and better focus in our international actions though it still has to prove whether it can succeed in distributing the total resources available for external action more rationally. The Foreign Office budget has been absurdly skimped in recent times even though it is minuscule in relation to other areas of government spending. This is short-sighted and very different from the attitude of other front-rank European countries and the emerging powers, both of which realise the value of professional and globally-deployed foreign services to advance national interests and safeguard their citizens.

The Foreign Office will also need to rebuild its formidable talents for bilateral diplomacy, not throw disproportionate resource into multilateral institutions. Pace the Treasury, a desk is a dangerous place to view the world from. The Foreign Office

needs to be out in the field and that is where our diplomatic energy should be directed, particularly to the BRICs and potential hot-spots. High priority is needed too, particularly in our present economic difficulties, for commercial diplomacy in support of British companies, though this work is already much further up the scale of the Foreign Office's priorities than most people realise. It has certainly not been invented by the present Government.

Our lady bountiful Department for International Development needs to be re-nationalised and no longer regard itself as a taxpayer-funded NGO instead of as part of the government. It would have been far better if the Comprehensive Spending Review had diverted a portion of its funding to other forms of external action more directly in line with our national interests and priorities. Aid is indeed important, both as a moral obligation and a soft-power adjunct to our diplomacy. But the amount has to be proportionate to the state of our national finances and ability to finance our overall objectives.

The biggest and most difficult question facing the Government was how much hard power Britain could in future afford to wield in support of its diplomacy. By all accounts it was a close run thing. The Prime Minister's admiration for our armed forces and instinct that what sets Britain apart from other countries is its willingness actually to engage with effective armed

force in distant and dangerous national security challenges, fortunately prevailed over cost-cutting and knock-kneed declinism. He was right too to recognize that in an unpredictable world it does not make sense to base our force structures on one particular prediction about the nature of future conflict, and that we must therefore maintain a full range of capabilities even if on a slightly lesser scale than previously planned. That said, the affordability dilemma has been pushed into the future rather than resolved. And defence spending will surely not remain above the 2 per cent of GDP guide-line once the exceptional costs of Afghanistan drop out, unless resources for defence are increased once the economy recovers.

The objectives now must be to ensure that the Chiefs of Staff stop behaving like the TUC – or worse – and work in the national interest rather than Single Service interests; that the Ministry of Defence makes heroic efficiency gains, demonstrating that cuts can mean improvements; and that the little-noticed sentence in the Prime Minister's statement on the SDSR: "My own strong view is that this [force] structure will require year-on-year real-terms growth in the defence budget in the years beyond 2015" will actually happen. Only then can we be assured of a national security policy backed up with real power and not just Ptomenkin diplomacy. ■