

**** CHECK AGAINST DELIVERY ****

DIGNIFIED FOREIGN POLICY

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Sir Howard, Guests, Students, Ladies and Gentlemen,

It's a pleasure to return to the LSE. As foreign minister I give speeches and interviews daily, but an appearance at my *alma mater* is always a special occasion. For me, this is an opportunity to test my ideas in front of a demanding audience – an audience that I trust will pose tough questions and thus help me improve to my own thinking.

It was almost exactly two years ago, on November 20, 2008, that I last had the opportunity to discuss my ideas with the students and professors of this prestigious institution. Back then the financial crisis had just broken out and the war in Georgia was over. The title of my speech was “Who says world politics is boring?”

Well, these past two years haven't been boring. At the time of my previous LSE visit, we were hardly prepared for the economic and financial crises looming around the corner. This just proves my long-standing thinking that economic forecasts should not be considered science, but more like well-educated guesses. As a political scientist, I apologise to all the economists sitting in the room. May I just add that I don't have a chip on my shoulder about the fact that the LSE is often referred to as the London School of Economics where it actually is the London School of Economics and Political Science.

After all the turmoil and crises, I think many of us in the EU and in this room would welcome a little bit of calm, but that is not an option. Foreign policy is not boring. The world is changing even faster than we thought. The global distribution of economic and political power is already quite different from 2008, with new and old powers emerging on the world stage. Countries like

China, Russia, India, Brazil, Japan, Turkey, Saudi Arabia, South Africa and South Korea are jostling for influence in regional and global questions.

The changes we are witnessing are often portrayed in Europe and other industrialised countries as something threatening. You know the story: the US and China make all the decisions; the jobs are going to cheap labour countries; immigration is causing new challenges etc. This “Decline of the West” –argumentation was first articulated by Oswald Spengler in 1918. His social cycle theory has been proven wrong time and again, but the fatalistic gloominess seems to have recaptured the imagination of the public recently.

With all due respect, I disagree with the doomsayers. Economic globalisation has not been a zero-sum game, and the current restructuring of international politics doesn't have to be either. We Europeans should also remember that we are not actually doing too badly: in a recent *Newsweek* study about the world's best countries, 15 EU member states made the top 25, with Finland in first place and the UK at 14th. We are the “lifestyle superpower”, as Gideon Rachman wrote in the *Financial Times*.

But let me be clear: With the current pace of global change, maintaining the status quo is not an option. I would even say that all those who try to maintain their current positions, are actually moving backwards. History has shown us that inward-looking nationalism never works in the long run.

May I paraphrase J.K. Paasikivi, who was president of Finland from 1946-1956. He is often quoted as having said “acknowledging the truth is the beginning of wisdom.” This *realpolitik* approach more or less formed the basis of Finnish foreign policy during the Cold War. For today's Europe,

acknowledging the truth means simply adapting our foreign policy to an emerging multipolar world order.

Trying to understand the world as it is, I will today concentrate on three key themes that will shape the world and Europe's place in the coming years and decades. I will begin with the *European Union's role in the world*, then have a look at *the Union's strategic partnerships* and finally make some observations about *the emerging global order*. In the end, I will present my conclusions and outline my recommendations.

My thesis is that we – by which I mean the European Union and all its 27 member states – have not yet awoken to the new realities of the world. In many questions of foreign policy we still presume we can set the global agenda and dictate our solutions to others. Recently this attitude has left us wondering several times why we were excluded from the decisive negotiations. We need a new approach, a *dignified foreign policy*. This policy should be firmly rooted in our European values and takes others onboard in a spirit of respect and dialogue. I will return to this concept in my conclusions.

Let us now address my first theme: the **EU's global role**. The question here is whether the EU is on its way to global irrelevance or whether it can become one of the poles of the multipolar world. In the 21st century, none of the EU's 27 member states are big enough to play a major role in the world on their own.

If there is one player in the world which feels particularly confused in the emerging multipolar world, it is the EU. The Union is the world's biggest

economy but is chronically punching below its weight in international politics. It is not a nation state, unlike all the other players, and is therefore lacking in some key aspects, like agility and political leadership.

The EU's failures at the Copenhagen climate conference and in strengthening its role in the UN are probably the most repeated signs of the deterioration of our relative power. Unfortunately they are not the only ones. In human rights, a field close to the very essence of the EU, we have been losing support for the past ten years. Over 60 percent of the member states of the UN typically vote against the EU's positions on human rights.

The EU's new Lisbon Treaty is a work in progress and will show its strength in a few years. High Representative Lady Ashton has gotten off to a solid start and the European External Action Service, due to begin its work on December 1, will become a useful tool. With the new structures in place, it is now time to consider how to use them. To play and succeed in the global Champions' League, the EU27 team needs to upgrade its game to a new level.

First, agree on the role of the team's manager. EU foreign policy cannot exist unless all member states support it whole-heartedly. Too often the Union and its member states practice conflicting policies or compete for visibility even if there are no policy differences. Our common representatives, President of the European Council Herman Van Rompuy, President of the European Commission José Manuel Barroso and High Representative Lady Ashton, cannot be credible unless we give them some room to manoeuvre. That is why I welcome the decision of the October European Council to have a political discussion but not to approve any conclusions about the EU's upcoming summits with the United States and Russia, for example.

Second, read the scouting reports and adjust our play accordingly. Our values and norms are not the only ones in town anymore – if they ever were. When meeting my colleagues worldwide, I have heard all too many times the complaint or suggestion that the EU's attitude is paternalistic and preaching. This has to change. Europe no longer has imperial power. As Foreign Secretary Hague put it in September: *"We do not have the option, unlike Gladstone or Palmerston, of dispatching gunboats and relying on the power of the British Empire. We must guard against arrogance in our dealings with other countries"*.

Third, pool our resources to have a better pitch. In the age of fiscal austerity and budget cuts, European co-operation on defence research, materials and operations is not an option but a necessity – if we want to stay credible and relevant. The recently published Anglo-French agreement is a huge step in the right direction. Now the other member states and the whole EU must continue down the same road. I expect to see soon more defence co-operation by the Weimar countries: Poland, Germany and France.

I will now turn to **strategic partnerships** – a term that has recently become very popular in foreign policy circles. Are strategic partnerships only ritualistic, yearly summits, or can they form a basis for true co-operation on global issues?

The European Union has a strategic partnership with the USA, China, NATO and Africa, to name just a few. The UK has declared similar partnerships of its own with, for example, Turkey and Vietnam. These lists tell us that the

concept itself is quite vague. The risk is that while the term is being used more and more widely, it is also becoming emptied of real substance. To be relevant, a strategic partnership must be based on two elements: common goals and a long term perspective.

Whereas we concentrate on bilateral issues with most countries, with strategic partners it is imperative to find common ground on the global challenges as well. On most of these issues – climate, migration, energy, financial regulation – the EU already has elaborate policies: these must be integrated into a broader foreign policy framework.

Also, a strategic partnership cannot be planned in the timeframe of one or two summits, but rather over 10 to 15 years. In my experience, around 90 % of the global agenda consists of issues where all the key players have similar, if not identical, long-term interests: stability, welfare and security. What we lack is the mutual trust that would help us overcome our differences.

This kind of broad strategic approach is badly needed in EU foreign policy. The meetings of the EU foreign ministers are too often dominated by crises, and too little time is devoted to discussing our relations with key partners. During my term as foreign minister, the agendas have been packed with trouble spots, crisis management operations and peace processes. This year, the top five has consisted of the Middle East Peace Process, Iran, AfPak, the Western Balkans and Somalia. Only one strategic partner, Russia, makes the top 10. Now, while dealing with imminent troubles is an important aspect of foreign policy, it is fortunately not the whole picture.

In order for us to develop more solid strategic partnerships, we need to do three things:

First, we must know what we want and define our goals: the EU wants security, rule of law, market access, environmental protection and respect of human rights. Breaking these into components that are relevant and potentially acceptable to the partners is a different challenge altogether. We should conduct a thorough assessment of our interests with every strategic partner and also bring up the difficult issues, such as human rights. While doing this, we should aim at results and not go around “*lecturing and hectoring*”, as Prime Minister Cameron put it in Beijing on Tuesday.

Second, we must truly understand our partners: If we want to create a real partnership, we must develop a deep understanding of the partner’s values, attitudes, domestic situation and foreign policy goals. Values are becoming more relevant in foreign policy again, as many of the new players have worldviews that differ from ours. We must also look in the mirror and try to understand how our partners perceive us. High Representative Ashton’s trip to China before the EU-China –summit was a good game opener in this sense.

Third, we must make sure all parties benefit from the co-operation. Successful summits provide deliverables for everyone; Take president Obama’s recent visit to India for example. This is an area where the EU has, understandably, not excelled, since reaching agreement over concessions can be difficult between 27 member states. Let’s be honest here: when was the last time we changed EU legislation, or even practices, in response to Chinese or Indian wishes – if not ordered to do so by the WTO? It seems a bit unfair to expect the others to do something we aren’t prepared to do ourselves.

I will now turn to my third and final question, and probably the most demanding question of the day: Will the emerging multipolar **global order** also be multilateral? My thesis is that we have no other choice.

The current redistribution of wealth and power is tied to an ever deeper global interdependence. We all need free trade and stability. And we all need to both mitigate climate change and adapt to it.

Outdated attitudes stand in the way of reaching necessary global decisions. The established powers, like us Europeans, easily revert to old patterns and try to offer ready solutions for the world to take or leave. And the emerging powers, many of them still wounded by decades or centuries of weakness, band up to block these solutions without presenting their own alternatives.

As a result, we now know very well how to stop progress on solving global challenges. We have done that with the free trade negotiations, we have done that with the climate change negotiations and it seems we are now doing exactly that with the exchange rate negotiations. The only concrete results we've had in this new global age were a direct result of the financial crisis that threatened to engulf us all. Back then, the EU was a big part of the solution because we had constructive ideas and we also listened to others.

It seems evident that the multipolar world cannot function without a solid multilateral foundation. A world based on balance-of-power politics and marked by unilateral measures simply cannot tackle the issues we need to address in the coming years. That is why talk of a G-2 world is just that – talk. Multilateral rules, institutions and supervision remain essential.

Reforming international organisations is a key issue. The emerging powers will neither commit themselves nor be ready to compromise if they don't consider the system to be fair. If we want the international organisations to be more legitimate and effective, they have to reflect the world of today, not that of 1945. Changing the composition of the IMF board, as agreed by the G-20 finance ministers in October, is a promising first step. Sooner or later we will also have to fix the UN Security Council.

In return, we must demand commitment. It is clear that the Europeans will be hardest hit by these changes to international organisations. The G-20 family photos have demonstrated our overrepresentation. This does not mean that we should naively just give away the power we now have, however. In exchange for seats and power, we must get the emerging economies to commit themselves to constructive action within the multilateral system.

We also need to develop a clear vision for the EU of how we want to use and develop the new informal multilateral institutions, like the G-20. The G-20 has political leadership, its composition reflects today's world and it has been capable of reaching results. The formal bodies are inclusive, traditionally legitimate and have resources at their disposal. The complementary synergies are clear.

I began my speech today by stating how important it is to adjust foreign policy to the world as it is. That is what we must do again today to improve the EU's global role, make the strategic partnerships relevant and create the conditions for a multilateral global order.

Globally, the need for change is understood quite widely: I visited Moscow this week, and our discussions there were all about the reset of Russia's relations with the EU, NATO and the USA. We must use this positive momentum to the maximum. We must make the G-20 summit, taking place today and tomorrow, as well as the upcoming NATO, EU-USA and EU-Russia summit true successes.

The EU, for its part, needs a new approach to foreign policy. A policy rooted in European values, but also based on listening, dialogue and mutual respect. I will outline three "commandments" to explain what this kind of *dignified foreign policy* might look like in practice.

First commandment: Put our own house in order. If we want to influence others, we have to inspire them and lead by example. From a foreign policy point of view, restoring European competitiveness, creating the conditions for robust economic growth and consolidating public finances are necessary to improve our credibility. We will never reach the growth pace of China or India, but their catching-up effect won't last forever, either.

We have to live up to our own standards, be it on trade policy or human rights. If we want market access in the emerging economies, we must make sure our own markets remain open. And if we want the Chinese to treat their ethnic minorities better, the Middle East countries to protect their religious minorities or several African countries to accept their sexual minorities, we must strive for perfection ourselves. We have a lot to do with our Roma minorities, for example.

Second commandment: Speak with one voice. The Lisbon Treaty offers us a chance to take on a world role compatible with our economic weight. It has to happen now or it will not happen for a long, long time: the decisions of the coming years will shape the global order for decades to come.

If we want to play a global role in the future, we must support the EU's common representatives whole-heartedly and give Cathy Ashton some breathing space and oxygen. We must also turn the strategic partnerships into practical tools and, finally, we must make our national resources and networks – like the Commonwealth or la Francophonie – serve common European interests as well. I am not talking about abolishing national foreign policies – after all, I am a foreign minister myself – but about being a bit more flexible.

Third commandment: Speak softly and carry a big carrot. We have to adapt to a situation where European norms and values face genuine opposition and cannot be universally dictated to others. Rule of law and promotion of democracy and human rights form the essence of the European Union. I am not saying we should abandon this. But I am saying we must change our approach.

We have to strive to genuinely respect our partners and try to understand them. This respect cannot depend on the size or wealth of the partner. If we want results instead of headlines, we must analyse where it is possible to achieve concrete progress and then raise the issue in a manner that allows both us and our partners to compromise without losing face.

Being dignified does not mean just talking but also acting. Even in case of disagreement, our actions should be premised on mutual respect. In the

promotion of democracy and human rights, we must use the double mechanisms of conditionality and socialisation. Conditional access to our rich internal market can be an efficient tool.

The concept of a dignified foreign policy goes back to the very roots of diplomacy. Giving your counterpart breathing room and an honourable way to compromise is a golden rule in any negotiation textbook. In the multipolar world we must relearn these old skills.

I am convinced that by fulfilling the three “commandments”: putting our own house in order, speaking with one voice and speaking softly while carrying a big carrot, we will create the conditions for both a more influential EU and also a more effective world governance.

In this spirit, I am looking forward to a dignified, open and honest discussion.