A warm thanks to Lord Wallace, Professor Gaskell, Professor Cox, Alan Revel and to all of you for attending today. I am grateful to my friend and colleague on the North Atlantic Council, Stewart Eldon, for joining us today. Apart from representing the UK so ably at NATO, Stewart plays the essential role, as the colleague to my right at the big council table, of keeping me entertained when the meetings get dull – and he does that very well too.

What an honor and a treat it is to be back on campus, and such a prestigious one at that. I’m delighted to see so many students and younger faces in the audience today. One of our greatest fears at NATO headquarters is that the generation that understands and believes in the Atlantic Alliance is dying off. We have to ensure that it is not just our fathers and grandfathers who understand what NATO is all about, but it is all of you because you’ll have to take our great Alliance forward through the 21st century.

Being on campus again naturally makes me a little nostalgic. In the early 80’s, when I was a student, our preoccupations were all about nuclear weapons counts, mutual assured destruction, and keeping strong a NATO military Alliance that had never fired a shot in its history. Few Americans understood the European Union – or had ever heard of it – Ok, that’s still too true but less than it used to be...
Today, more than 25 years later, I join you in a very different age -- one where every school kid on both sides of the Atlantic can tell you what al Qaida is but few remember the Soviet Union. And one where we are once again asking ourselves whether the structures we built to take us through the Cold War -- our NATO Alliance, the EU, the World Bank, the UN -- are up to the 21st Century challenges we face today.

I would argue that NATO has already done a lot to transform for new missions. Not only are we keeping peace in Kosovo and supporting security and stability with our Afghan partners in the Hindu Kush, we are training the Iraqi military in Baghdad, supporting the AU’s Darfur mission with airlift and training, developing counter-terror technologies, missile defense capability, cyber security and other 21st century capabilities while deepening our partnerships with forty countries across four continents -- from Casablanca to Canberra. And at our next summit in Bucharest, we will invite new members into the Alliance, proving once again that NATO, like the EU, is one of the most powerful magnates and mentors for democratic change in history.

With that little unpaid advertisement for NATO, let me now follow with something you may find completely counterintuitive: as tomorrow’s diplomats, journalists, parliamentarians, international lawyers and business people, I hope you will consider it your first responsibility after building the strongest possible Britain and NATO, to strengthen and build the capacities of the European Union. You will think this is strange, a little suspicious -- to have the U.S. Ambassador to NATO, standing here, urging you – the British and international leaders of the future to build a stronger EU. So why am I doing it?

If we have learned anything since September 11, 2001 – or for that matter over the past 60 or 100 years -- it is that the U.S. and the UK not only need each other, we need a strong Europe. We, in the United States, need a Europe that is as united as possible, ready and willing to bear its full measure of responsibility for defending our common security and advancing our shared values. And Brits and all Europeans, need an America that is engaged, consulting and cooperating with Europe—finding common solutions to common challenges. Just as our transatlantic unity in the 20th century ensured the defeat of fascism and Soviet Communism, in the 21st century we must also share the risk and share the responsibility for protecting and advancing the freedom we enjoy.

Today the challenges we face together run the gamut from terror, and violent extremism and weapons of mass destruction to the need to decrease our dependence on carbon fuels and address the poverty, disease and hunger
that still afflict too much of the world's population. Together, we must manage a Kremlin that has tightened its
grip on state power, suspended the conventional forces in Europe treaty and threatened to target missiles at its
neighbors, even as we work together with Russia on Iran, North Korea and other vital shared interests. We must
maintain the right mix of diplomacy and offers of political and economic engagement plus pressure on Iran to
come back into compliance with the UNSC, abandon terror and give its people the future they deserve. And we
must encourage China to use its growing power for stability and peace, in its neighborhood and globally. In
short, we are living in a complex and dangerous world -- one that requires those of us who are blessed to live in
free societies to join forces to protect what we have at home and to secure and enlarge the democratic community.

As we in the United States look across the globe for partners in meeting these challenges we of course look to our
Asian Allies and other strong democracies to our South and to our East. But one of our first stops is often at the
European Union. We will always consult with London and other member state capitals but increasingly we are
also turning to European institutions as well.

With 15 missions now on three continents, the EU has proven its ability to deliver a whole which is greater than
the sum of its parts. Today’s EU brings development aid, human rights standards, anti-corruption programs,
police trainers, election monitors, cadre building skills and most importantly, the capacity to put all these things
together in the right combination to meet the challenges of the moment. Britain has been a leader in building
these capacities in the EU, and they are paying off -- witness the EU’s combined civil-military mission in Bosnia,
the civpol missions in East Timor and in Rafah, and peacekeeping efforts in Chad. We commend the EU’s
leadership on all of these issues.

But just as the EU’s capacity for common action on the soft power side has gone up, our collective transatlantic
commitment on the hard power side, has objectively gone down.

If in 1980, the transatlantic average for national defense spending was 3 percent of gdp, today it is 1.7 percent.
And when you subtract the 4 percent American taxpayers now contribute our trans-Atlantic average is closer to
1.4%, despite the fact that Britain continues to punch well above its weight spending 2.32 percent of GDP on
defense.
Why has transatlantic security investment dropped? You know the answer. Because after the Cold War, we all took a peace dividend. And also because throughout the 90's it was fashionable in salons in Europe and even some in the US to believe that soft power was the only appropriate answer. That hard power was dangerous, that it drew enemies, and using it was the mistake of overly militaristic societies.

And yet, in Chad, those EU nations that participate are discovering that even to conduct a relatively modest peace support operation, you need desert capable helicopters, long range transport aircraft, you need sophisticated intelligence, surveillance and reconnaissance assets and modern interoperable communications equipment. All the development aid in the world, all the governance support and police training in the world does no good if you can’t first provide security for the people you aspire to help.

And my home organization, NATO, is learning the same lessons in Afghanistan. So I am here in London today to say that the United States needs, the U.K. needs, NATO needs, the democratic world needs a stronger, more capable European defense capacity. An ESDP with only soft power is not enough. It will take concerted U.K. leadership within the EU to get European defense spending growing again and focus ESDP on the right things like upgrading European military capabilities with badly needed investment in helicopters, UAVs, special forces, interoperable communications and counterinsurgency trained soldiers and civilians. This is an interest we share because the U.S. and U.K. forces cannot continue to bear so much of the global load without more help.

And also because we know that if Europeans will invest in their own defense, they will also be stronger and more capable when we deploy together. Which takes me back to Afghanistan, one of my favorite subjects these days—the greatest operational challenge our Alliance has ever undertaken in its 59 year history.

First, the good news: the NATO Alliance that never fired a shot in the Cold War had some real operational successes last year with our Afghan partners. Despite the dire headlines, the Taliban’s much vaunted Spring Offensive never materialized. Roads, schools, markets and businesses have been built all over the country. Six million Afghan children now go to school, one third of them girls. Over 80% of Afghans have access to health care. And as President Karzai told me yesterday most of the Afghan people are no less than five kilometers from a clinic today. Districts and villages throughout eastern and southern Afghanistan -- in Ghazni, Khost, Paktika, Nuristan and Konar; in the Sangin valley and Musa Qala in Helmand; and in the area south of Kandahar -- are more secure and more accessible than they have been in years -- in some cases, decades. The ranks of trained
Afghan soldiers have swelled from 35,000 to almost 60,000, with Afghans themselves leading the fighting in some important combat operations. This spring, the United States will send an additional 3,200 to capitalize on the gains, support the Afghans, and support the momentum -- 2,200 for ISAF combat missions in the south and 1,000 more trainers for Operation Enduring Freedom, focused primarily on Afghanistan's police forces.

At the same time we have got to be honest. The intense challenge of this mission for Afghans and for NATO allies has become clear. Insurgents are resorting to the deadly terrorist tactics of improvised explosive devices, suicide bombing, kidnapping and targeted assassination; they kill teachers in front of their students, parliamentarians in their districts and kill foreigners in hotels in the center of Kabul. In the mountains and caves along the Afghan-Pakistan border, they plot and train for the next attacks on our cities and European cities. In areas where security is weak, the Taliban and their drug-lord enablers have pushed more prime land into poppy production. Crime and corruption are on the rise, and the Afghan people grow more impatient every day to see action and justice from their elected leaders. Meanwhile, we as an international community have struggled to coordinate its efforts.

And just as Iraq forced adaptation in American and UK military and development tactics and strategy, the Afghan mission is forcing changes in NATO. With each passing month, allies learn more about what it takes to wage a 21st-century counterinsurgency -- a combined civil-military effort that puts warriors side by side with development workers, diplomats and police trainers. Whether flying helicopters across the desert at night, embedding trainers with the Afghans, conducting tribal councils with village elders or running joint civilian-military Provincial Reconstruction Teams, most of us are reinventing the way we provide security. As Defense Secretary Robert Gates has said, this requires new training, new equipment, a new doctrine and new flexibility in combining civil and military efforts in a truly comprehensive approach to security.

As we surge soldiers to the south of Afghanistan this spring, we must also ensure our civil efforts are keeping pace. It is not enough to talk about knitting up civil and military efforts: we need to ensure we have joint action on the ground and provide the requisite resources. This is why President Bush asked Congress for over $10 billion in development and governance support and counter narcotics efforts for Afghanistan last year -- to ensure that as we liberate communities, we work with Afghan leaders to bring a better quality of life with new roads, schools, power, water and employment options other than poppy. But in too much of Afghanistan – and
particularly in the South -- we are underinvested in promoting good governance, rule of law, counter narcotics and anti-corruption programs.

With these challenges in mind, we very much welcome Prime Minister Brown’s enduring commitment to Afghanistan, and his December 12 announcement that in the 2009-2012 period, Britain will commit an additional L 450 million to development and stabilization assistance in Afghanistan, on top of the L 490 million you have already spent in the past six years. Ambassador Eldon and I have seen the affect of this investment, and the hard work of your nearly 8 thousand troops, on the ground in Helmand. In April 2007, we landed in Sangin 5 days after its liberation from the Taliban by Afghan, British, United States, Danish and Estonian troops. Our guys were still sleeping rough on floor of the Taliban Hilton, a former hospital riddled with bullet holes which the enemy had used as its base, and they took us to the UK outpost where just a week earlier young men from your nation spent months fending off rocket and grenade attacks from just a few yards away. One of the most poignant moments was to see the names of the British fallen etched into the mud walls of the fort – brave young men of just 19, 20, 25.

And five months later, Stewart and I were back. This time, the streets and market of Sangin were alive with families and kids, and we visited a newly refurbished school where classes would soon resume. Today, a similar story is unfolding in Musa Qala. And Britain is again thinking about reinforcing its contingent of combatants and trainers in Helmand to solidify the gains.

But too much of burden – particularly in the South -- is still born by the nations who have committed the most forces there. While the EU’s 200-plus train-the-trainer police mission is very welcome and playing an important role at the national and provincial level, we estimate Afghanistan is going to need at least 3000 embedded police mentors to begin to turn the tide and create Afghan confidence in the effectiveness and trustworthiness of their local police. What could be more vital to winning hearts and minds of Afghans 18 months before the next election cycle in Afghanistan than creating confidence in the security of their communities? As a Mom myself, I would say what Afghan mother, what Afghan father will side with democratic change if they aren’t sure their kids will be safe tomorrow?

As we like to say in Brussels, there can be no development without security and no security without development. The question is whether we are practicing what we preach as well as we should.
Which takes me back to my more fundamental point: we need a stronger EU, we need a stronger NATO and if Afghanistan has taught us anything, we need a stronger, more seamless relationship between them. I would go further: if we truly believe in a transatlantic comprehensive approach to security – one that combines the best of our soft and hard power – we need a place where we can plan and train for such missions as a NATO-EU family.

O.K. don't get scared, I am not talking about combining institutions or even melding their mandates, don’t worry. That wouldn’t make sense for Europe or for North America. Europe needs a place where it can act independently, and we need a Europe that is able and willing to do so in defense of our common interests and values.

But we cannot keep showing up side by side in far flung parts of the world and playing a pick up game. Coalitions of the Willing have their limitations. We have to learn to think, to train and to act together, while preserving the autonomy of each institution. This is not simply about Afghanistan and Kosovo, where NATO and the EU are both involved now; it is about effective joint action wherever we may be called to support security and development – from the Palestinian territories, to Africa, to future challenges that we can only imagine today. If we can do it as a TransAtlantic community, we as core members of the UN family will also strengthen that organization’s efforts.

And the good news is that the stars might actually be coming into alignment for this kind of coherence. In Paris, we have a president who is prepared to use his EU presidency to strengthen Europe’s defense contribution and then bring France back into a renovated NATO. In Washington, leaders of all stripes are calling for more, not less Europe. And in London, David Miliband is calling on us to support the global “civilian surge” for democracy with both soft and hard power.

So the old prejudices and callouses are fading on both shores of the Atlantic. Now we must show equal wisdom in breaking down barriers within the organizations. On the EU side, a partner like Turkey which contributes generously to EU missions and wants to cooperate with the European Defense Agency should be welcome, should be consulted and offered a security agreement and rights commensurate with its contribution and potential. In response, NATO should open the doors of partnership fully to Cyprus and finalize its security agreement, while also encouraging Malta to come back to the Partnership for Peace. Long-standing members of both the EU and
NATO like the UK, France and Germany hold the keys to this kind of grand bargain. The U.S. stands ready to help, but Europeans must take the lead in melting the glaciers of the senseless "frozen conflict" between the two organizations.

With 21 of our members sitting in both the EU and NATO now, with renewed understanding on both sides of the Atlantic that we need each other, it only makes sense that we finally get this fixed. And as we’ve learned the hard way, history has not ended. If we care about democracy and peace, we have to be stronger than those who oppose them. And we have to be willing to make the investment of blood and treasure to maintain "a global balance of power that favors freedom", as my boss, Condi Rice likes to say.

This is going to take courage, it is going to take creativity and it is going to take vision. It is also going to take considerably more investment from all of us. My generation is prepared to start this work of reshaping one of history’s greatest partnerships – the TransAtlantic union – to meet this latest challenge to our security and our liberty. Your generation will have to finish it. Thank you for joining me here today and I look forward to our discussion.