GLOBAL STRATEGY FORUM

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Lecture Series

2011 - 2012

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Sir Sherard Cowper-Coles and Lord Lothian

Sir Richard Dearlove and Lord Lothian

Lord Anderson of Swansea and Mark Sedwill

Dr Peter Collecott and Sir Menzies Campbell MP

Sir Malcolm Rifkind MP and the
Professor the Hon Gareth Evans

Lord Lawson of Blaby and Lord Lothian

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President

Johan Eliasch is the first President of Global Strategy Forum. He has served as Chairman of the Management Board of Head N.V. (the global sporting goods group) and Group Chief Executive Officer since September 1995. He is Chairman of Equity Partners, London Films, Co-Chairman of Cool Earth, non-executive Chairman of Investcorp Europe, non-executive director of IMG and CV Starr Underwriting Agents. He is an advisory board member of Brasilinvest, Societe du Louvre, the Centre for Social Justice and the British Olympic Association, and a member of the Mayor of London's and Rome's International Business Advisory Council. He is Patron of Stockholm University and a trustee of the Kew Foundation. He was part of the Conservative shadow foreign office team as special advisor on European affairs (1999-2003) and responsible for foreign relations (2003-2005). He was Conservative deputy party treasurer (2003-2007). He is the former Special Representative of the Prime Minister of the UK for Deforestation and Clean Energy (2007-2010).

Chairman

Lord Lothian is the first Chairman of the Forum. Michael Lothian was first elected to Parliament as Michael Ancram in 1974. His political career included four years as the Political Minister in Northern Ireland responsible for the opening engagements with the IRA which eventually led to the Good Friday Agreement, Chairman of the Conservative Party for three years, and four years as Shadow Foreign Secretary and Deputy Leader of the Opposition. He remains involved in international conflict resolution. He co-founded Global Strategy Forum in 2006 and remains its Chairman. He was appointed to the House of Lords as a life peer in October 2010. He is a member of the Intelligence and Security Committee.

Director

Jacqueline Jinks is the Director of Global Strategy Forum. She joined Global Strategy Forum as Research Director in June 2006 and became the Director in February 2008. From 1997-2005, she was Political Secretary and speechwriter to Lord Moynihan, a former Conservative Senior Spokesman on Foreign Affairs in the House of Lords. She worked for the Rt Hon Michael Howard QC MP and the Rt Hon Francis Maude MP, during their respective tenures as Shadow Foreign Secretary. Prior to that, she worked for the Democratic National Committee (1996-1997) and CMA Consultants (1994-1996).

PRESIDENT'S FOREWORD

SIX YEARS AGO, when I founded Global Strategy Forum together with Michael Lothian, we did so against a background of rapidly evolving foreign policy and defence challenges. Our goal was to provide a unique platform upon which experts in the field could speak freely and openly before an informed and knowledgeable audience and so to create a forum for the active discussion of the many intractable and difficult issues before us.

As I write the Foreword to this, our sixth annual collection of lectures, it seems to me that, if anything, the landscape has grown even more challenging for British foreign and defence policy. If we are to defend and assert our national interests, we will have to play our cards astutely. British policymakers continue to act forcefully, but on numerous regional issues of traditional British engagement, progress has been elusive.

The threats of regional war over Syria and Iran in the Middle East appear to be growing, with the UK being drawn to take sides in highly unstable and unpredictable situations. Egypt's transition to democracy looks ever more precarious. Meanwhile, the drawdown in Afghanistan is proceeding against a background of worrying anti-Western sentiment, both there and in Pakistan. At the strategic level, the twin pillars of British post-World War II foreign policy – the Atlantic and the European relationships – no longer seem as solid. The US is rebalancing its strategic focus to the Asia-Pacific, bringing with it a potentially more adversarial posture towards China, with as yet unclear consequences for the UK. In Europe, as increasingly urgent questions are being asked about the future viability of the Eurozone, calls to re-examine the UK's relationship with the European Union are growing louder. Finally, despite the goodwill momentum generated for the UK by the success of the Olympic Games, the resources for foreign policy initiatives will continue to be pinched by austerity at home and economic weakness abroad.

Against this harsh background, rarely have our policy choices carried so much consequence. However, the debate surrounding these choices remains predictable and, despite the immensity of UK foreign policy experience, curiously devoid of fresh ideas. In that context, I believe that Global Strategy Forum has a vital role in seeking new approaches to foreign and defence policy matters and applying innovative thinking to areas where success has been elusive and conventional policy responses have been found wanting.

Over the six years of its existence, I take pride in GSF's emergence as an energetic and lively forum where lecturers and panellists are encouraged to interact with the audience and vice versa in the exchange of ideas and opinions. This outstanding collection of lectures, given by speakers of the highest calibre, represents a further step towards cementing GSF's reputation as an innovative intellectual incubator. We have continued to expand our events programme through several formats, including lectures, debates, seminars, lunches and dinners and we plan to develop our activities further over the coming year.

We could not do this without the support we receive both from our speakers and from our members. I would like to take this opportunity to place on record once again, my thanks to all our contributors, whose knowledge, expertise and generosity with their time is at the heart of GSF's success; and also to our membership, whose committed and enthusiastic participation elevates GSF to a truly interactive forum, capable of cutting through to the reality behind the rhetoric.

I would also like to thank our Advisory Board members, a list of whom can be found at the back of this publication, whose support, both with their time and their ideas, is invaluable and has shaped GSF into the organisation it is today.

As we begin our 2012-2013 season, I look forward to another full and busy events programme, and one which continues to generate the high quality of debate, comment and discussion which has become GSF's trademark.

Johan Eliasch
President, Global Strategy Forum
October 2012

ABOUT GLOBAL STRATEGY FORUM

GLOBAL STRATEGY FORUM was founded by Lord Lothian (then Michael Ancram MP) and Johan Eliasch in 2006 for the purpose of generating open debate and discussion on key foreign affairs, defence and international security issues. As an independent, non-partisan, non-ideological organisation, GSF provides a platform to explore some of the more challenging and contentious aspects of UK foreign policy and to stimulate imaginative ideas and innovative thinking in a fast-changing global landscape.

GSF's core activity consists of a regular lunchtime lecture and debate series on topical issues. For more in-depth discussion of specific topics, we host seminars in the House of Lords. We also hold small roundtable lunches and dinners on key issues of the day. Separately, as well as our annual compendium of lectures and the publication of the proceedings of our seminars, we also publish an occasional series of monographs as well as collections of essays and articles by distinguished experts, such as the pamphlet entitled *'Views On The Nuclear Non-Proliferation Debate - The Critical Issue Of Our Time?'* with a foreword by Lord Lothian, published in April 2012.

We are supported by a strong and active Advisory Board of MPs, Peers and expert foreign and defence policy practitioners and we are delighted that this year, the Advisory Board has been joined by Secretary William S. Cohen, Senator Chuck Hagel and Admiral The Right Honourable Baron West of Spithead. Their biographies can be found on page 123.

In 2011-2012 the following speakers and chairs took part in our lecture series: Sir Sherard Cowper-Coles, former Ambassador to Afghanistan (2007-2009) and the Foreign Secretary's Special Representative for Afghanistan and Pakistan (2009-2010); Sir Richard Dearlove, Master of Pembroke College, Cambridge and former Chief, British Secret Intelligence Service (MI6); Mark Sedwill, the UK's Special Representative on Afghanistan and Pakistan, with the Rt Hon Jack Straw MP and Lord Anderson of Swansea as co-chairs; Dr Peter Collecott, UK Ambassador to Brazil (2004-2008), with the Rt Hon Sir Menzies Campbell MP in the chair; Professor the Hon Gareth Evans, Australian Foreign Minister (1988-96) and President Emeritus of the International Crisis Group, with the Rt Hon Sir Malcolm Rifkind in the chair; the Rt Hon Lord Lawson of Blaby, Former Chancellor of the Exchequer; Kamalesh Sharma, Commonwealth Secretary-General; Andrew Wilson, News Presenter, Sky News; the Rt Hon Baroness Pauline Neville Jones DCMG PC, the Government's Special Representative to Business on Cyber Security, with Jonathan Clarke in the chair; Jeremy Browne MP, Minister of State at the Foreign and Commonwealth Office; Professor Sir Lawrence Freedman, Professor of War Studies and Vice Principal at King's College London, with Lord Anderson of Swansea in the chair; Professor Michael Clarke, Director-General of RUSI; and Admiral Sir Mark Stanhope, the First Sea Lord and Head of the Royal Navy.

We have also held an increased number of debates over the past year on a wide variety of countries, regions and themes including: Turkey following the general elections in June 2011; India and its relations with the UK; the Middle East Peace Process; Russia and relations with the West; the Eurozone crisis and global stability; the UK, Argentina and the Falkland Islands; two debates on Western relations with Iran; and a review of the Coalition Government's foreign policy.

We have also hosted three seminars, all of which took place in the House of Lords. The first, *'Cyber Defence: The Biggest Challenge Facing UK National and Economic Security'* took place in November

2011, and Professor Sir David Omand GCB gave the opening address. The second, *'One Year On: Turmoil and Transition - The Arab Uprisings And The Path Ahead'* took place in March 2012 and the Rt Hon Alan Duncan MP, Minister for International Development, gave the opening address. The third, *'From Crisis To Paralysis In Cyprus: Who Can Break The Deadlock?'* took place in June 2012, with an opening address given by the Honourable Alexander Downer, the UN Secretary-General's Special Advisor on Cyprus.

As well as our annual compendium of lectures, we have also produced a number of other publications during the course of 2011-2012:

- *Creating a Middle East Economic Community* by Hüseyin Gün (May 2011)
- *Turkey's General Election: What Does The Outcome Mean For Britain, Europe And The Middle East?* (The proceedings of our June 2011 debate of the same name);
- *Views On The Nuclear Non-Proliferation Debate - The Critical Issue of Our Time?* (A collection of essays, lectures and debates published in April 2012, containing contributions by Peter Jenkins, Professor the Hon Gareth Evans, Sir Malcolm Rifkind MP, Lord Browne of Ladyton and Elbridge Colby, together with a foreword by Lord Lothian)

A full list of all the events which took place in our 2011-2012 series is included on page 119 of this pamphlet. Further information on all our forthcoming activities and events, as well as pdfs of all our publications can be found at our website, www.globalstrategyforum.org.

THE LECTURES

Britain In Afghanistan
Sir Sherard Cowper-Coles KCMG LVO

Ten Years After 9/11: What Are The Priorities For The Intelligence Service In 21st Century Britain?
Sir Richard Dearlove KCMG OBE

Afghanistan: Are British Objectives And The Timetable For 2014 Still Intact?
Mark Sedwill CMG

Is Brazil A Future Global Power?
Dr Peter Collecott CMG

Nuclear Weapons: The State of Play
Professor the Hon Gareth Evans AO QC

Is The Eurozone Crisis A Threat To Global Stability?
Rt Hon the Lord Lawson of Blaby PC

The Commonwealth: Convening And Connecting To Add Global Value
Kamalesh Sharma

2011 In Review: Reflections On Reporting The Arab Spring
Andrew Wilson

Are We Meeting The Challenge Of Cyber Security?
The Rt Hon Baroness Neville-Jones DCMG PC

British Competitiveness: Responding To The Rise Of The Emerging Powers
Jeremy Browne MP

After Iraq and Afghanistan: The Future Of US Military Strategy?
Professor Sir Lawrence Freedman

The Return Of Insecurity To Europe?
Professor Michael Clarke

Delivering Security In An Age of Austerity
Admiral Sir Mark Stanhope GCB OBE ADC

BRITAIN IN AFGHANISTAN

Transcript of a lecture given by Sir Sherard Cowper-Coles KCMG LVO

21st June 2011

Sir Sherard Cowper-Coles KCMG LVO *has been the Business Development Director, International at BAE Systems plc since February 2011. Sherard served as the Foreign Secretary's Special Representative for Afghanistan and Pakistan from February 2009 until September 2010. He took Early Retirement from the Diplomatic Service in October 2010. Sherard was British Ambassador to Afghanistan from May 2007 until February 2009. He returned to Kabul as Chargé d'Affaires in 2010. He was British Ambassador to Saudi Arabia from 2003-2007. Before that he served as British Ambassador to Israel from 2001-2003. His book, Cables from Kabul: The Inside Story of the West's Afghanistan Campaign, was published in 2011.*

Thank you very much, Michael, and thank you all for turning out. I hope I will not play the same boring old gramophone record that you will all have heard before. Instead I will try to offer some fresh insights both on what has happened and what will happen in Afghanistan.

I was very amused to hear that Richard Dearlove will be speaking to you. I knew him very well when I was Principal Private Secretary to the Foreign Secretary at a time when the Foreign Secretary did not get on particularly well with the Permanent Secretary at the Foreign Office and in fact, he refused to see the Permanent Secretary. I managed one Monday morning to put the Permanent Secretary in the Foreign Secretary's diary, the first official appointment of the day, and Robin Cook came storming into the office and said, *'I cannot think of a worse way to start the week, Sherard, than the dentist, followed by the Permanent Secretary.'*

But Richard Dearlove was the complete opposite: he handled Robin Cook (who was naturally sceptical of SIS) rather as a skilled SIS case officer would handle a difficult agent, and part of this process was giving Robin Cook breakfast, a rather delicious breakfast cooked by the sort of county girl who still works for MI6. She would push this breakfast through a hatch in C's flat and my job would be to take the breakfast out of the hatch and put it in front of the Foreign Secretary and the Chief and then listen as they talked. He is a great man and he handled the Foreign Secretary extremely well.

I spoke to this group eighteen months ago, in January 2010, and I set out then what I called 'A Strategy for Success'. I asked the audience to imagine we were meeting in January 2013 and I imagined that President Obama had not only carried out the surge, but that he had also carried out a political surge and I asked the audience to imagine that he had won re-election in November 2012 on the basis of success in Afghanistan. Now, that dream is not impossible, but it is becoming more and more difficult to achieve. To use another metaphor, it is rather as though we have got to run a marathon in the time usually allocated to a 10,000 metre sprint.

When we met eighteen months ago – eighteen months is a very long time in British politics -

General McChrystal was just starting to implement his strategy. His recommendation that 40,000 extra troops be sent to Afghanistan had been whittled down by the Obama administration to 30,000 extra troops, but we had all signed up to a strategy whereby General McChrystal had promised by December 2010 to have pacified 40 districts across Afghanistan. He had promised another 40 districts by December of this year and another 40 by December of next year and we had all signed up to that strategy.

Gordon Brown was still Prime Minister. We were eagerly awaiting the General Election which took place in May of last year and we were meeting on the eve of the London Conference which, like most conferences of the kind, was declared a success and set out a long list of tasks for the Afghan government to complete, virtually none of which have been completed.

Now, eighteen months later, McChrystal has gone, Petraeus is going, all talk of the McChrystal strategy of pacifying 40 districts by December of last year, let alone another 40 by December of this year, has quietly been forgotten – there is no talk of that in NATO.

David Cameron is, of course, Prime Minister and tomorrow, President Obama will announce what I confidently predict will be a very substantial reduction in the number of American troops in Afghanistan. He will bring back large numbers of the troops sent for the surge. The timing under which they come out and the kind of troops that come out will be the real indicators of what is happening, but I suspect he will override the advice of his generals and go for a much larger reduction.

Meanwhile, as the Financial Times reported this morning, support for the war is declining and of course the big change is that Osama Bin Laden is dead and as somebody remarked - with Darth Vader out of the game, the film is more or less over.

Now, I am not here to sell my book. In fact, I was put in my place this morning by the General Counsel of the company for whom I now work. I had to confess to him that I had probably committed an offence under the Bribery Act 2010, because I had given a Saudi Prince a copy of my book with a view to securing business advantage in very general terms from that Prince and the General Counsel said, *'No need to worry, Sherard, in the eyes of the law and therefore of me, your book is utterly worthless, therefore you secured no advantage.'*

But were you to buy a copy of my book, you would see in the back endpaper, a heavily redacted version of my final despatch from Kabul as Ambassador, the end of my first tour, during which I said that just as the toppling of Saddam's statue was probably the high-water mark of American imperial power, so the Obama surge will have been seen, I predicted, as the high-water mark of American involvement in Afghanistan and I spoke of a great imperial recessional from Afghanistan. The Foreign Office has redacted anything remotely rude about America, so you have to divine what is in the blacked out passages, but essentially I said that once Osama had been killed, America would lose interest in this great punitive posse, and that America had neither the will nor the capability to conduct this kind of quasi-imperial nation-building activity. And I suspect that is what we will see in the months and years ahead.

David Cameron, to his great credit, got this immediately. Instead of getting bogged down in questions of helicopter numbers and the number of MRAPs which should or should not have been ordered

for Afghanistan, he took a strategic view very early on. I was lucky enough to attend the seminar he held at Chequers almost a year ago, when he rather warmed to my saying to him that this was like General De Gaulle in Algeria: you had to signal right but turn left; you had to be supportive of the military surge, which is essential politically and probably militarily, but you had to be preparing for an exit, which is about much more than just talking to the Taliban. That, I am afraid, is a sort of tabloid headline, and it is the sort of headline that scared Gordon Brown away from committing himself to negotiations. It led him to making the fatal mistake of saying 'we will never talk to these people' in his first statement to the Commons in December 2007 on Afghanistan and it shackled the policies of the Labour administration.

But settling Afghanistan, as I have often said, and as David Miliband often used to say and still does say, and I know that Des Brown as Defence Secretary believed, is about talking to all the internal parties in Afghanistan. Not just the Taliban, but the Tajiks and the Uzbeks, all the other Pashtuns and Pathans, who need to be part of an internal political settlement. But also, and at least as important, it is about talking to the regional powers, and while America has started to do the right thing - Ambassador Marc Grossman is a superb appointment, but he is in the foothills of talks about talks with the Taliban, not the kind of collective sustained jirga-like process that will be needed to broker an internal political settlement in Afghanistan and above him and around him, Mrs Clinton is not doing what a Secretary of State should be doing, which is bringing together the regional powers and keeping them together until they reach a settlement which, in the end, is in all their interests.

Now, time is very short. David Cameron said early on that more or less come what may, our troops would be out of combat sometime in 2014, the year before the next general election. The Taliban know that the clocks are ticking, but curiously I do not think that that is a bad thing. If they know we are sincere about getting our troops out of Afghanistan, if we are sincere about wanting a reasonable settlement, if we are sincere about bringing them and the excluded tribes which they represent back into the settlement, if we recognise that the political deal that was done at the Petersburg, outside Bonn, in December 2001, was, as I have often said, a victor's peace, if they see we are sincere about all these things, all the indications are, both from intelligence and from open sources, that they would do what Afghans have done through the millennia, which is to sit down in a jirga and settle their differences through conversation and negotiation.

One of the photographs in my book shows Dostum, the Uzbek warlord sponsored by the Turkish government in many ways and at many times, sitting down with former adversaries. A year after that photograph was taken, President Karzai was asking me if a Special Air Service Regiment could be used to kill or capture Mr. Dostum and a year later, President Karzai had made the same man Chief of Staff of the Afghan Army.

That kind of accommodation (just as in a British cabinet one hugs one's enemies as close as possible, even though one's enemies have perhaps done slightly less or tried to do slightly less to one than an Afghan political enemy would have done) is second nature to the Afghan polity and is the only approach that will work. That does not mean that it will work - it will depend, above all in my view, on Mrs Clinton rolling up her sleeves, as I have said, and mixing metaphors, getting her skates on and giving our military the political top cover which they deserve.

It breaks my heart to have written to the next of kin of our soldiers who have died in Afghanistan and to think that, for all their bravery which is truly extraordinary, we will dishonour them if we

do not deliver the political side of the bargain. Of course, the military are open to criticism for over-enthusiasm. Of course they are open to criticism for loyalty to their institutions and regiments – that is what makes them good soldiers. But in the end, it is the politicians who are responsible, because all of us know, deep down inside, that the problem of Afghanistan is ultimately a political problem.

All of us know that even by the terms of General Petraeus' own Field Manual, we are not fulfilling the conditions for a successful counter-insurgency campaign. We do not have the number of troops, we do not have a credible political strategy and we are unable to do anything about the great sanctuary areas, both within Afghanistan and across the Durand Line in Pakistan, into which the insurgents withdraw when they are put under military pressure.

Now I mentioned General McChrystal and General Petraeus. I am afraid I have to say that I am a great admirer of General McChrystal, who rightly adopted a policy of protecting the population.

I remember a young British Apache pilot who had been at school with my sons, telling me how, on his first tour of Afghanistan, whenever an Apache appeared in the sky, all the male Pashtuns on the ground would get out of sight because they knew that under the rules of engagement then operative, they could have been hit by the Apache from a very great height and distance. He said on his second tour, under the new rules introduced by General McChrystal, they knew that they could loiter around providing they put down their tools and weapons. They knew that the rules had changed. And this pilot was not criticising the change, he was just saying that it had made an obvious difference on the ground. General McChrystal introduced a range of changes designed to give the population greater confidence that the Western military was ultimately on their side.

General Petraeus has adopted a completely different strategy. He has changed the rules of engagement back, to allow more use of force. He has trebled the number of bombs that have been dropped on Afghanistan over the past year and trebled the number of Special Forces strikes.

Our Special Forces are doing wonders, but to use a metaphor from fox hunting, which I hope will not be objected to in this Club: in the old days, it used to be that after the harvest was in, the hounds would go out cubbing and the object of cubbing was to kill the older foxes and scatter the young foxes across the country so that there would be better hunting later in the season. As Thomas Ruttig, the great former East German diplomat and expert on Afghanistan has written (though he has not used the cubbing analogy), what General Petraeus' so-called strategy is doing is killing the older foxes, the ones who have farms and families they want to go back to and who were fed up with fighting, and scattering the young cubs across the country and those young cubs are more violent, less tractable and more likely to be committed to global jihad. It is making the problem of stabilising Afghanistan much more difficult.

What we need to be doing is winding down the level of violence. I think that whether the troops come back to Colchester or Aldershot or Fort Campbell is less important than whether they are withdrawn to Camp Bastion or Bagram Airfield or Kandahar Airfield, wherever it may be. The key thing is showing the Afghan people that we are serious about brokering a political settlement and winding down the violence, not winding it up. That country has suffered enough for long enough.

So whatever President Obama announces tomorrow, the key thing will be what happens on the

ground. Will ordinary Pathans in the villages and valleys of southern and eastern Afghanistan believe that we are serious about bringing the Ishakzai tribe back into the political settlement from which they were excluded for so long? And I have my doubts about whether the American Republic, this great continental democracy, has either the will or the capability essentially to run a quasi-colonial project in preparing Afghanistan for self-government and preparing it for independence. I think there is still time, but it is going to be a damned close-run thing.

Now many of you know at least as much about Afghanistan as I do and all of you care at least as much as I do about the sacrifice which our troops have made and about getting it right. I think there is now, on both sides of the Atlantic, a growing consensus about the need for a political settlement. President Obama said as much to Andrew Marr on the eve of his State visit to London and Mrs Clinton said it two years too late in calling for a political surge in the first Richard Holbrooke Memorial Lecture to the Asia Society in New York in February of this year.

The only question, as I said in my valedictory despatch from Kabul in 2009, is whether that is going to be a serious, genuine political deal which stabilises this wrecked country more or less for a generation, or whether it is going to be the kind of shabby political deal which gives cover to what will be another post-imperial scuttle, all too reminiscent of our own scuttles from Palestine and from India, the consequences of both of which we are living with today.

I have often told the story of what happened in Palestine, where I served as British Ambassador to Israel. In 1936, British forces in Palestine consisted of a Royal Air Force Air Commodore, half an Armoured Car squadron and half a squadron of Westland Wapiti fighters. The Arab uprising broke out in 1936 and by the end we had a division - General John Hackett brought a division from the Canal Zone - and there was a young British Brigadier named Bernard Montgomery with British forces in Palestine. The General Staff in London said that this was too big a problem for the Royal Air Force to deal with, so an Army Command was brought in and we suppressed the uprising in Palestine by extremely violent but effective means, so that by the spring of 1939, the Arab uprising in Palestine had been suppressed.

In 1946, a much more dangerous insurgency broke out. A Jewish insurgency was using terrorist methods (what we now call IEDs but were then called booby traps) and the High Commissioner in Palestine, General Sir Alan Cunningham and the General Officer Commanding, General Sir Evelyn Barker, sent a joint telegram to this building here, the War Office in London and to the Colonial Office just down Whitehall responsible for the British Mandate over Palestine. And in that telegram they said, *'We are faced with this Jewish insurgency, we need to separate the extremists of the Stern Gang and others off from the great mass of the Haganah who will be reasonable about a negotiated settlement'.* And the Chief of the Imperial General Staff sitting in that building at Kitchener's old desk, by then General Sir Bernard Montgomery, wrote on that telegram from Jerusalem: *'This is appeasement. We do not talk to terrorists, we are going to crush the Jewish insurgency by force as we crushed the Arab insurgency by force before the war.'*

By the end of our time in Palestine, Britain had 100,000 men there. We had the 6th Airborne Division fresh from north-west Europe under Boy Browning, we had a Guards Brigade, whose Chief of Staff was Miles Fitzalan-Howard, based up in northern Palestine (rather disgracefully, the Guards moved their headquarters up to the great lakes in northern Palestine so that there would be better duck shooting for the officers, but it was an experience none of them ever forgot and few of them

ever wanted to return to Israel or Palestine), and we had 20,000 paramilitary police and still we lost. We lost our nerve, we lost our money and we left behind millions of pounds worth of equipment and that was an imperial power running out of steam and, of course, there was not a real political arrangement to cover it.

My concern is that with America greatly in debt, with American public opinion moving against the President, with increasing worries about the economy, America will not broker a decent settlement of the kind that the Afghans deserve and that is in our interest and in the interest of the region.

I will end with a story that I am afraid some of you may have heard before. When I was Principal Private Secretary to the late Robin Cook, I once went with him to a conference in Istanbul, where he was representing the Prime Minister. He was very grumpy in the mornings, Robin Cook, so I never bothered him with unnecessary information, and on this morning of the conference, the news broke in the British tabloids that Mrs Blair was expecting a baby and that Tony Blair was the first British Prime Minister to have fathered a child whilst in office for 150 years (at least to have acknowledged that he had done it) and everyone was talking about this in Istanbul except Robin Cook, who stomped rather grumpily and metaphorically naked into the conference chamber. The first person he met was the Taoiseach, the Irish Prime Minister Bertie Ahern, who said to him, *'Robin, this is wonderful news about Tony, please give him my warmest congratulations'* and Robin Cook stroked his beard, wondered what this was about, thought there must have been a breakthrough in the Irish Peace Process and said to Bertie Ahern, *'Of course Bertie, I will give Tony your warm congratulations, but you do realise this took Tony three years of hard work?'*

All I would say is that we have got three years of hard work ahead of us in Afghanistan and all of us with influence in Washington must encourage the American politicians and the American diplomats to do the right thing. The military have done their very best. They have suffered enormously, they have made great sacrifices and we do them the greatest honour we can by harvesting that success politically in the years that remain to us.

TEN YEARS AFTER 9/11: WHAT ARE THE PRIORITIES FOR THE INTELLIGENCE SERVICE IN 21ST CENTURY BRITAIN?

Transcript of a lecture given by Sir Richard Dearlove KCMG OBE

5th July 2011

Sir Richard Dearlove KCMG OBE *is the Master of Pembroke College, Cambridge. He was Chief of the British Secret Intelligence Service from 1999 until his retirement in 2004. A career intelligence officer of 38 years, he served in Nairobi, Prague, Paris, Geneva and Washington, as well as in a number of key London-based posts. His previous SIS posts include Director of Operations, Assistant Chief, and Director of Finance, Administration and Personnel. Sir Richard is an honorary fellow of Queens' College, Cambridge, a senior advisor to several international companies (including the Monitor Group) and chairman of Ascot Underwriting.*

I am going to slightly adapt the title which I did not choose myself, because the phrase was 'in 21st century Britain' and I think it really should be 'for 21st century Britain', bearing in mind that we are talking about the collection of foreign intelligence. I would go a bit further and say that if one is talking to the letter of the law, the larger question is really what are the priorities for intelligence to support Britain's foreign and defence policy and its national security objectives?

I would also remind you (although this is not very fashionable, I want to say something about it) that if you to go back to look at the Intelligence Services Act, it does also mention the protection or promotion of the United Kingdom's economic well-being.

The first half of my talk, on the defence and foreign policy side, is relatively conventional, but the other two issues - national security objectives and economic well-being - begin to raise some important issues which are worth consideration and discussion.

I have recently written a couple of articles on national security and I think it is in the process of significant mutation. What does national security now actually consist of? In addition to that, I want to say something about economic well-being, because it could be topical.

Just let me note here that when the Dutch government was changing its legislation to give its Security Service (the BVD) more capability to collect intelligence, it had originally in its draft legislation the phrase 'economic well-being', and if I remember correctly, the European Commission strongly objected to this, and as a consequence, I think the legislation was actually changed. It is worth reminding ourselves that that phrase is still in our legislation.

Now: just some history and some facts before I get into contemporary areas. Apologies to the experts who know all this well, but I think it is important just to remind you: let's start off with the principle that intelligence services in democracies should never task themselves. This is not entirely true, of course, of security services, which perhaps need a measure of independence in judging what the threats are to national security, but here in the UK, the priorities for intelligence collection are set by the JIC (the Joint Intelligence Committee).

That is, customer departments express their intelligence wishes as it were, and these are agreed by the JIC and eventually approved by ministers and you end up with a series of priorities, which are ordered (or used to be ordered – I am not sure whether the same system is still used, but I am sure the theory is still there).

However, the allocation of resources by the intelligence community is usually an issue for the professionals, that is, how hard it is to collect intelligence against a particular requirement and how much resources you should expend against the particular target, and the Services generally have to defend their resource allocation to the Treasury, to the ISC and ultimately to ministers, but those resource allocations are not dictated to the Services.

I think you should all bear carefully in mind that British intelligence is a pretty small outfit, generally speaking, and because of the tradition of the United Kingdom's complex overseas engagements, it is asked to do an awful lot with small resources. A good example of that is the small amount of resources devoted to Iraq at the time that we started building up to the Iraq War, and that, of course, is brought out in a number of the five inquiries which I would remind you have now been held on the Iraq War.

Even at the height of the Cold War, not much more than a third of the intelligence services' resources were devoted to the Soviet Union and the Warsaw Pact. The reason I make that point is that, for example, in the post-colonial era, there were many foreign policy issues which required strong intelligence coverage and support for the policymakers.

So, the consequence of the UK punching above its weight internationally is, frankly, an implied dilution of intelligence resources. I think it is also important to remind everybody that an awful lot of foreign policy issues or defence policy issues perhaps do not require any significant use of intelligence resources at all. It is important to bear that in mind.

9/11 was, of course, a defining moment. It brought to an abrupt halt what I would have described as a period of post-Cold War drift on exactly what the UK's intelligence requirements should be, but it is worth remembering that the resources devoted to radical Islam and to radical Islamist terrorism in particular, had started to grow significantly before 9/11. So 9/11 is a dividing line. It is one of those lines, probably in history, certainly in intelligence history, where there is a clear 'before' and a clear 'after', and the effect of US decision-making in relation to the subject that I am covering here has a massive impact in the UK and you also get an accelerated growth across the intelligence community in the resources available.

The sequence of events unleashed by 9/11: Afghanistan, Iraq, the Americans' global war on terror and the 2005 attacks in London had a massive and distorting effect on the deployment of the UK's intelligence resources and on the requirements. It is worth making the point that counterterrorism is extremely hungry of resources, particularly the resources that SIS would deploy and the Security Service for that matter.

HUMINT penetrations tend to be transient and short-term. You are not dealing with organisations that have secrets locked in safes or telephone directories or organisational charts. You are looking at something which some experts have described as a flock of birds, which aggregates and disaggregates without apparent logic. There are many complicated and difficult liaison relationships

with partners that politically are not reliable. There are many less experienced intelligence services that need to be mentored and to be helped in looking at this issue.

I do not know what the level of resources now devoted to counterterrorism is. I have heard figures as high as 70% or more. It certainly was nothing like that when I left the Service, although it was climbing fast, but I would not be at all surprised if that is now the case.

So, against this background, what should our priorities be?

And just before I plunge into that, can I make one comment which is really derived from my current experience because I get involved in advising quite a lot of hedge funds and investment companies. What is interesting at the moment is the sensitivity of financial markets (which I think operate more quickly in this respect than governments) to the whole question of geopolitical risk, and at the moment, geopolitical risk as an issue in the City is making a huge comeback. There is a demand for expertise in this area and the reason for this is, I believe, because in 2011, we are living in a rather unpredictable world. We are seeing a resurgence of nation state interests, especially regionally. We are seeing an assertion of national control over natural resources and commodities - look at the difficulty a company like BP is having in its relations with the US government and with the Russian government. Global extraction companies do not exist in very happy circumstance at the moment. There is a definite decline in international co-operation, perhaps at the very moment when we would need or expect more on difficult issues that have to have an international response to hold them or progress them forward, such as the environment, rising food prices, energy and security.

So that is the current contemporary context. Let's move on now to the intelligence priorities and the way that they may be shifting and changing.

Counterterrorism, of course, is still very important and we have to continue to watch and monitor Al Qaeda (and I mean by Al Qaeda whatever its central organisation still is, its surrogates and its franchises). We have to observe it particularly closely in Pakistan, in the Maghreb, in Yemen, in Europe and of course, in the UK. I think at the moment Al Qaeda is facing - and this is speculative - a crisis of its credibility. There is a pressing need for it to pull off something spectacular following Bin Laden's death and it has to do this outside and beyond Pakistan - Pakistan does not really count.

So, clearly there is the high risk of a spectacular, because terrorist organisations that cannot commit terrorist acts begin to lose their identity and their credibility, and that has not gone away. However, I am beginning to think that the Arab Awakening, the Arab Spring, whatever we like to call it, is a truly significant event, judged against the future of Al Qaeda.

What we have, to an extent unexpectedly and suddenly, is a different narrative present on the Arab street. A narrative which is complete anathema to Al Qaeda: it is secular, it is democratic, it is about political participation. And it may be that Al Qaeda (to my surprise, because I expected this to be a more durable problem) is already past its zenith and is on the downward slope. It may be.

I have said counterterrorism is still important, still resource hungry, but of course it is essential to track politically what is happening in Egypt, Libya, Syria, Jordan, Yemen and importantly, in Saudi Arabia too. To what extent is the reform initiative susceptible to being hijacked by Islamists? To what extent may these initiatives go astray and perhaps reinforce Al Qaeda's brand? I do not believe they

will, personally, but obviously this is something that needs careful monitoring.

So perhaps it is time to start reducing our counterterrorist resources and looking more at the political issues that are causing such upheaval in the Middle East. It might be worth interjecting at this point my strong belief (which has certainly increased since I retired) on the whole issue of proportionality. It is very easy to become disproportionate when one looks at issues like terrorism, but what is the actual threat, the actual danger?

Of course, for the government that can be potent but latent, and something that has to be taken account of, but if you start pushing all your resources into counterterrorism, perhaps you are doing just what the terrorist wants, you are being distracted from other issues. I suppose the question I am raising here is: are we on the cusp of a very significant change and a shift away from counterterrorism being so predominant?

The third area, which remains vitally important, is Iran's nuclear capability. This must still remain a high intelligence priority. It is probably the most destabilising issue in the Middle East. When will Iran have a deliverable nuclear weapon? How will Iran's internal politics influence its policy with regard to it becoming a nuclear weapons state?

And of course, alongside Iran, there lies the whole issue of the continued proliferation of unconventional weapons technologies, particularly nuclear proliferation. Are there other Middle Eastern countries that aspire to become nuclear as a counter to Iran - for example, is there still any thought in Saudi Arabia's mind that it should acquire a nuclear capability over time? And there are our concerns about North Korea and about Pakistan. In Pakistan's case, the stability of the state and the safety of its nuclear arsenal are issues which require close intelligence attention.

Now, all of these issues are familiar to you. They have a global signature in terms of how you might pursue them, and they are very much issues which have characterised the post-Cold War situation, especially since 9/11; there is nothing much surprising about that.

And then we have what I would describe as the two legacy issues from this decade: the future of Afghanistan and the future of Iraq, and there is still a pressing need for both tactical and strategic intelligence. Will the Taliban negotiate? What is the future attitude and capability of the Afghan government? And within Iran, there is the whole question of the Sunni/Shi'a divide, and the relationship between the Iraqi government and Iran - all of that is going to require close intelligence attention.

But let me say that much of this, in my opinion, can also be covered by effective diplomacy; and I think one of the things (and I am conscious that there are two former Foreign Secretaries in the room) which is a great shame is the way that the area expertise of the Foreign Office has run down over time. When I first joined SIS, there was phenomenal geographic, linguistic and political expertise in the Foreign Office. Unfortunately, for reasons that we all understand, this has slipped away.

But it is no good in the medium term thinking that intelligence expertise, which is strong in certain areas, can replace the road with the Foreign Office, and I would like to see the current government paying close attention to rebuilding that area expertise which was always so strong. This certainly

could take some pressure off our intelligence services.

Beyond these issues, I have already mentioned the resurgence of the nation state and to illustrate that, I think one looks at the problems that are characterised by Russia and China. To what extent should they be intelligence targets?

In an ideal world, their national decision-making processes should be more transparent than they are, especially in China. In practice, they are hidden from our view and I think there is an awful lot of naïve thinking about relations with China. We need insights into how they develop their policies. We need insights into the influence of the PLA (People's Liberation Army) and we need insights into the relationship between the party leadership and the military leadership.

China is still a communist country, even if, economically, we do not think of it as a communist state. Loss of control is what the Chinese leadership most fears and we need to be alert to their thinking as to how they may lose control. In my view, at some point in the next decade, there will be a crisis of leadership politically in China.

So yes, they are a necessary economic partner, but a problematic one as well. I hope that there are more resources being devoted to this problem, looking ahead.

Russia too remains a difficult partner for Europe: prepared to use its energy resources aggressively, very possessive about its own sphere of influence and still, somewhat to everyone's surprise, an aggressive intelligence power. In my view, Russia should be a natural partner for Europe, if it could escape its neurosis about its own identity and role. And interestingly, when I was Chief and went to Moscow a fair amount, I got beaten over the head by my Russian colleagues (if one can call them that) at the time, who said, 'Why won't the US treat us as more serious interlocutors? Try and persuade them to take us more seriously.' I think that is still a significant problem, although maybe with the Obama administration there have been some attempts to mend it.

So, Russia still requires some presence in our requirements. To an extent, I think this is unfortunate; they would be very effective allies on a number of issues.

So, what are the other issues - if one now takes a broader view of national security - that we might include in the resources? I am not going to say anything about minor short-term crises that impact lightly on the UK's core interests, but they may on occasion stir Westminster and the media and may play into our concerns, let's say about an ethical foreign policy, for example, Zimbabwe, Southern Sudan, you can all name a number of issues. And of course, it is important that the intelligence community maintains a sort of 'flying squad' that can be deployed in the short term to look at issues like that when the need arises.

But let me make some other suggestions. Should environmental issues be expressed in our intelligence priorities, should they be there amongst the requirements? Probably there is a role for intelligence collection in certain areas like the illegal trafficking of toxic waste which is a big deal, cheating on international agreements in certain areas maybe, and issues on unfriendly governments' negotiating positions - I think all of these issues lend themselves to being included in our intelligence priorities, so that is the first.

I think the second is looking more closely with intelligence resources at the whole question of cyber aggression, both deniable cyber activity and what I describe as unattributed cyber activity. I think it is important that we increase our understanding in this area and probably intelligence is the only way of getting to the core of what is going on. My own view is that this is an issue similar to the issue of chemical and biological weapons in the 1980s and the 1990s and that eventually we will be into some sort of international disarmament agreement or negotiations to try to regulate the whole question of cyber activity, but until that time, it does require intelligence treatment.

The next area brings me on to the whole question of economic well-being, which I am aware is highly controversial. To what extent should intelligence resources be used on issues of financial security and on issues of energy security? The ISC, I know, has struggled with this in the past and has tried to work out some guidelines.

My views about this have certainly changed since the banking crisis of 2008, and central bankers are very good at running their own contacts without calling those intelligence operations. That is what they should do, they should be extremely well informed, but they may need help from time to time. Being forewarned is being forearmed and we should not be squeamish about using all of the means at our disposal to protect ourselves economically in times of crisis.

And finally, I would add two other issues.

The first is the question of migration. If you look at the demographics of Africa and the speed of growth of countries like Uganda and Tanzania, and the likely pressure that is going to be exerted on Europe for these massively increased populations to surge northwards, I think the Border Agency needs all the help it can get and particularly in the area of looking at the criminal organisations that will traffic any commodity where they can make high profit and where the penalties are low, relatively, if they are caught.

In fact, one of the things that had happened when I was still in my previous job was that the growth of counterterrorism displaced the work that the agencies were doing to help law enforcement in looking at serious organised crime on an international basis. There is a strong argument for reviving some of that activity and maybe thinking carefully about the relationship between the new National Crime Agency and the intelligence and security community.

So I hope I have scoped there a number of issues. Let me just make one or two further points which I think are important.

In our minds, we always need to draw a distinction between mysteries and secrets - I think some of you have heard me say this before. Essentially, intelligence services are out to find out secrets or pre-secrets if they are not exactly secrets. Mysteries can be elucidated by good analysts and by informed speculation but, basically, intelligence services are looking for hidden hard facts.

The second thing I would emphasise is that human sources are still at the core of our effort in most of these areas. That means scarce resources, relatively high risk. These assets should not be used lightly and one of the things that I have discovered since I retired is that good exploitation of open sources can tell you in this day and age an amazing amount. The UK has done a certain amount to develop its open source investigative capability and it could probably do more in that direction.

I would also put forward the thesis that a smaller defence budget should imply a slightly larger intelligence budget and I think I am talking about a very fractional transfer from one to the other. To an extent, that has happened, but I wonder whether it has happened enough.

A particular thing I wanted to mention is that post 9/11, my Service was given a dispensation to keep on and re-employ all the experienced people that it had at its disposal and this was massively important. What I think people forget about the intelligence services is that it is a profession - it takes years to develop good case officer skills and that is why the UK has always been cutting edge and respected internationally in the area that we are talking about.

I am disappointed to see evidence of the fact that an awful lot of those experienced people are now leaving government service and no apparent attempt is being made to hold on to them. This is a relatively small group of people with unique skills and the government should not let go of them lightly and without carefully considering the implications of what they are doing. Although every department has to offer up its cuts, I think they could well make efforts to try to ensure that this rather extraordinary core of expertise is not diluted and lost.

And at that point, I think I will hand over to you for questions.

AFGHANISTAN: ARE BRITISH OBJECTIVES AND THE TIMETABLE FOR 2014 STILL INTACT?

Transcript of a lecture given by Mark Sedwill CMG

11th October 2011

Mark Sedwill *became the UK's Special Representative on Afghanistan and Pakistan in May 2011 and also took up the new position of Director General (Afghanistan and Pakistan) at the Foreign and Commonwealth Office. He joined FCO after university and became the Private Secretary to the Foreign Secretary (Robin Cook and Jack Straw) from 2000-02. From 2003 he was the Deputy High Commissioner to Pakistan, followed by a year in 2006 as the Deputy Director for the Middle East and North Africa Department. In April 2009, he was appointed Her Majesty's Ambassador to Afghanistan, and then in January 2010 moved across to NATO Senior Civilian Representative to Afghanistan, before taking up his present appointment.*

Thank you, Jack, very much for that introduction. It is a great honour to be here and a great honour to have you and indeed Lord Anderson here in the chair today.

It is also a pretty intimidating audience. We have a group of Ambassadors back at the moment for what the Foreign Office calls our Senior Leadership Forum, and I was having a coffee with one or two of them this morning and saying to them that I was going to duck out over lunchtime and come to give this speech, and I said my task was to be both positive and credible and two of them laughed and said, *'Well, you're going to have to make a choice'*.

So I am going to do my best to be both positive and credible. Even though we are on the record, I will seek to address your questions as frankly as I can, and I will try and be as frank as I can in my opening remarks.

The exam question for this session is: 'Can we achieve our national security objectives in Afghanistan in or by 2014?' Just to remind you of what, essentially, the headline of what that is, it is that we can protect the UK's national security interests without requiring combat forces in Afghanistan beyond the end of 2014.

You may recall the government made that commitment very early on when they came to power and said they wanted to have forces out of combat by the end of this Parliament. Happily, that coincided with the decision made by the entire Alliance (and actually prompted by President Karzai) to complete the transition process to the Afghans for the lead responsibility for security by the end of 2014. So there is a coincidence between the UK's national strategy and the overall Alliance strategy for Afghanistan and indeed, the Afghan government's approach to security.

So there are really two parts to that question. The second is: can we have forces out of combat? Well, that is a choice we make. The government has made absolutely clear on every occasion - on the record and off the record - that that commitment is absolutely fair, and in my view, there is no

prospect of that changing. So that is a decision that the government has taken. We will have troops out of combat at the end of 2014.

The decision of what we have after 2014 in a continuing training mission, probably led by NATO with the Afghans of course, is yet to be made, but the other part of this which has been less well publicised, is that we do not expect to have, as the Foreign Secretary, William Hague, has said, anything like the current numbers beyond 2014.

Of course the real question is: can we protect our national security interests in those circumstances? Do we believe that the outcome that we are likely to see in Afghanistan by 2014 is going to enable us to protect our national security interests? And I will just remind you of the route that we have taken to this point.

Jack Straw mentioned 9/11 and of course, that is where this all started. As he recalled, I was sitting outside in the Private Office which many of you will know and he was having a meeting (about something else, I think - none of us could remember quite what that was within about half an hour of it happening) and I went in and said, *'Oh, you ought to know, there appears to have been some kind of crash in New York, an aircraft or something'.* Some of you may recall there had been a light aircraft that crashed only a few weeks before that and of course all we had was pictures of the burning building, because at that stage there had been no pictures of the first aircraft hitting the Twin Towers. And then the second aircraft hit and we realised, as Jack said, that the world had changed.

Well, we went through that day working out what to do. There were meetings, there were phone calls between the Foreign Secretary, Colin Powell who was then the US Secretary of State, obviously No. 10 and the White House and so on, and then we all got together early that evening with various people, including John Sawers, the Prime Minister's Foreign Policy Advisor, now of course the Head of SIS. And we talked through what we were going to do, and one phrase really struck me and has stayed with me from that meeting. We were all kicking around policy options as bright Foreign Office types tend to, encouraged by a fairly discursive style from the Foreign Secretary, and at one point, somebody, I think it may have been John, said, *'The key fact here is the Americans are going to expect to lead this and they are going to expect unqualified support from the rest of us'*.

That was the most telling remark of that evening and sounds now so self-evident that it is almost trite to make that remark. As David Petraeus, my colleague in Afghanistan in the last couple of years, has said - one of the great things about operating at a strategic level is that you get to state the obvious and make it sound profound. That was stating the obvious, but actually it was also a profound truth and it was a truth that has essentially shaped the last decade.

One of the other things that was going through our minds at the time - given there was a drumbeat from outside the US administration about Iraq - was: 'Thank goodness they'll finally lay off Iraq', and that is again what we thought at the time.

So, after that, there were widespread concerns about whether the Bush administration, a new administration, with a President who was often caricatured, was going to fire off too quickly and precipitously. The fact that last week was the 10th anniversary of the intervention in Afghanistan, one month after 9/11, is a reminder that actually, they did take their time, they thought rather hard

about this in that first few weeks, and the intervention began about a month later and of course, the Taliban fell within a few weeks of that intervention.

The intervention was not a major military campaign and again it is worth reminding ourselves of that. There was an air campaign, there were Special Forces on the ground, but the ground forces (does this sound familiar?) were Afghans. In fact, they were the Northern Alliance who swept down from their strongholds in the Panjshir, and one or two other parts of Afghanistan and, John Simpson's blushes notwithstanding, re-took Kabul. They did so because the military balance in Afghanistan was much finer than it appeared from the fact that the Taliban had managed to take control of most of the country, and it did not take very much pressure from us in order to tilt that balance the way of the Northern Alliance.

I remember one telephone conversation I think you had with Colin Powell, Jack, where you were asking him about supplies and Colin Powell said, *'Actually this is a fourth world army, not a third world army'* - and what they wanted was leather saddles instead of the wooden saddles that they were using. They did not want any of the kind of military supplies any of us might think about: it was a very, very Afghan campaign.

After the fall of the Taliban, we then went to the Bonn Conference (and of course, we have another Bonn Conference coming up again around the 10th anniversary) and that was when we made the first, and arguably, the most strategic mistake, because it was at the Bonn Conference that, as Sherard Cowper-Coles (my predecessor as Ambassador) has put it, we imposed a 'victor's peace'. Not only were the Taliban leadership themselves excluded (and of course, in the climate of the time, that was inevitable), but the Pashtun tribes from whom they drew their strength, essentially the Ghilzai tribal federation, were also excluded and were excluded from the constitutional Loya Jirga and thus the parliamentary elections and so on that followed. And so it was not the Taliban leadership itself, but really their support base that felt alienated by the process and felt that they were not really part of the new Afghanistan that we were trying to build at that time.

Just for those of you who do not follow this as closely as I do, within the Pashtuns there are, broadly speaking, two tribal federations: the Durranis and the Ghilzais. The Durranis are the group from whom the Karzai family come, but from whom the Royal Family also came and have traditionally been the leadership for the past couple of centuries.

The Ghilzais were the group from whom Mullah Omar and many of the Taliban leadership came. So if you take the ideological strippings away from this and think of it in rather traditional Afghan terms, this conflict actually looks very like many of the traditional internal conflicts that Afghanistan has faced before. That exclusion was not apparent to us at the time, but of course it became apparent later as the Taliban exploited that sense of exclusion and then regained strength.

It is easy again to look back and say, 'we got this wrong, we got that wrong', but let me just mention two other things that were happening at the time.

One: for obvious reasons, the United States was completely focused on tracking down Al Qaeda. You will all remember the Tora Bora campaign, seeking to track down the Al Qaeda leadership and of course it was really quite some time until any significant Al Qaeda leader was captured. It was inevitable. No politician, I think, either in this country or the United States under the kind

of pressure they were under, could have done anything other than make Al Qaeda, at that time, their main effort, to the exclusion of all else, if necessary. And that conditioned some of their other decisions, such as enabling the northern warlords, some of the people who had been, essentially, responsible for the civil war, to re-emerge as power brokers in the new Afghanistan. Building a stable Afghanistan was essentially a secondary objective; the hunt for Al Qaeda was the primary one.

The other thing that was happening at that time - and I was asked about this in an interview the other day - was why we did not spot in 2001, 2002, early 2003, that the Taliban was reconstituting themselves in Pakistan and might present a threat; and there are various reasons for that, not all of them good.

But there is one good reason. In late 2001 or into 2002, every one of the key foreign ministers at the time was completely focused on the Indo-Pak problem; we were actually using them as human shields. We shuttled Jack Straw, Colin Powell, and various others, through Islamabad and Delhi, because after the attack on the Indian Parliament, those two countries came right to the brink of open warfare, and we were all terribly fearful of how that might develop, given the fact that both were nuclear powers and they did not really have the maturity in their systems and their systems of communication to de-escalate once a fighting war had started.

When I went to Islamabad as the Deputy in early 2003, my primary task was the evacuation plan, should that happen again, because we went through several cycles of this over the next couple of years. And so those of us thinking about that part of the world were looking at Indo-Pak, not at AfPak or indeed the reconstitution of the Taliban within Pakistan.

There are some lessons in that for us: do not think you have solved something just because you have solved it, and of course those lessons can be applied elsewhere, including to some more recent conflicts.

Thereafter, attention shifted to Iraq, very clearly; you talk to the American military - all the talent was moved to Iraq and many of the resources and many of the enablers. Those of you who were in the military at the time, and involved in that, Mark Carleton-Smith and others, Lord West, will recall that very big shift of focus of the American military to Iraq as we run up to 2003. And then ISAF, really without the resources to do so, started to try and move around the country in Afghanistan.

The security plan was always a bridging strategy. The idea was that the International Security Assistance Force (the clue was genuinely in the title when the UN appointed it) would try to bring essentially a peace-keeping type security to Afghanistan, because the country was not violent at that time, while we built up the Afghan National Security Forces, and it was always designed to be a bridging strategy through to that point.

Unfortunately, we never resourced our ambitions properly - or not for a very long time did we resource our ambitions properly. The Afghan National Security Forces were a few thousand for several years and it was not really until much later in the story that we put the right resources into building both their size and capability, so that they could genuinely start to provide security for a country in which, of course, not quite believing the vacuum that was there, the Taliban were reconstituting themselves, exploiting that sense of grievance and gradually re-infiltrating into the

south and the east.

I went to Afghanistan at the beginning of 2009, first as the British Ambassador and then, somewhat to my surprise, as the NATO Representative when it was felt that we needed to up gun the international representation as well as the bilateral representation.

And 2009 was probably the toughest year.

Stan McChrystal, who became the Commander of ISAF, did 60-day review as is normal in these circumstances, and in that review he called it how he saw it and said that the situation was serious and deteriorating and he warned of campaign failure. And that was absolutely true. The insurgents had, year on year since about 2005, deepened their grip in the south and the east and it had spread around into the north and the west and there was very clearly a sense that the momentum was with them.

Of course, at the same time, public support was eroding fast. We could see that ourselves. There was a real spike in British casualties in the summer of 2009, particularly in Sangin, as British forces sought, though in very overstretched circumstances, to secure more of Helmand. And in our own public opinion, that coincided (and you will remember this) with a pretty unseemly row, frankly, between the political and military leaderships over equipment, which broke out into the public. Now those are real issues, but it broke out into the public at that time and in my view, the conjunction of the sense that the boys were not being equipped properly together with a real spike in casualties (we went through 200, and then 300, in terms of the total number of casualties in very short order) really meant that public support just evaporated.

I used to write to the parents and families of soldiers and I remember during that period, I was writing three or four letters a day, whereas for most of time I was there, it was much more occasional. You just started to feel, as people like Mark Carleton-Smith who were commanding did, the human cost that we were bearing.

The result of the McChrystal report was the surge, and as you will recall, that was about 40,000 troops, but it was also a huge surge in the civilian effort and in development aid, with about two-thirds to three-quarters of both of those being American, the other chunk being from the rest of the Alliance.

We set ourselves the target for 2010 as regaining the initiative. We knew that we were not going to turn this around overnight - it had been going too badly for too long. Both Stan McChrystal and I, when I came into the NATO job, felt that we had to, frankly, re-establish our credibility by calling it the way we saw it and therefore we did so in public at that time, somewhat to the consternation of political leaderships around the Alliance, who of course had been seeking to accentuate the positive for obvious reasons, even though most people there and all of the journalists, knew the situation was deteriorating.

So we set ourselves the target of regaining the initiative and that began in Helmand, in a place called Marja, with Operation Moshtarak. Now I just want to dwell a moment on Marja, because Marja was essentially the real dark side. The Taliban flag flew over the district centre, they had complete control of the area, it was the heart of the drugs trade, and so there was this nexus

between the criminal and the political in that area.

When we went in afterwards and we sat down with the elders of the area, having cleared the Taliban out, it was quite clear that of the 300 elders who were sitting there (an even more intimidating audience than this one, I may say) and looking at us with a pretty hostile set of expressions on their faces, all of them would have regarded themselves as Taliban only a few weeks before.

And we asked them why and to just talk this over with us, and what was clear was what had driven them into the arms of the Taliban was predatory governance - it was actually the behaviour of the police force in that area. Essentially the leadership of the police force had been captured by a rival tribe and the police force in that area had been turned into, in effect, a uniformed, armed and empowered tribal militia - uniformed, armed and empowered, as they saw it, by us. Inevitably, given the choice of the repressive - but at least to a degree, rules-based - governance of the Taliban, and the sort of random violence and criminal violence that they suffered from that police force, they tilted towards the Taliban.

And I remember standing with Stan McChrystal as we were at the shura, listening to it going on, and I turned to him and said, *'Are we absolutely sure we are fighting on the right side here?'* Because what was very striking from that particular example (and one has got to be careful about extrapolating) was that actually, it was those tribal tensions, local conflicts, predatory governance, absence of rule of law - all of those issues were really what was driving the insurgency at that level. In order to deal with the insurgency, we had to tackle those issues, not just think about the leadership of the movement outside and I will come back to that point.

It was really from that point onwards that we made the rule of law and the conduct of the police force such a central element of the strategy. The police used to be deployed without being trained, the idea being they would be trained after deployment – well, that was clearly nuts. When Bill Caldwell came in as the Commander of NATO Training Mission at the end of 2009, we actually stood up the NATO Training Mission for the first time then. It had been a purely American and rather embryonic affair beforehand.

The first policy decision he took was, again to state the obvious, to train people before they were deployed. No wonder, with weak leadership and tribal influence in a society in which obligation is a critical component of the culture that the police drifted into that kind of behaviour. We also started paying them a living wage, which had also been driving a great deal of the corruption.

The other thing, of course, that happened in 2009 was the Presidential election. It should have been a positive moment and it was not, because it was highly controversial - divisive within Afghanistan, and divisive between Afghanistan and the international community.

So 2009 was a very difficult year, but at least we got the decision over the surge. I do not think we got the politics of that decision right. You will all have read Bob Woodward's book: the evident reluctance that came across in deploying the surge meant that we did not get the political impact that I think all of us wanted.

I used to say to people at the time - if we want to get out of Afghanistan reasonably swiftly, we have to convince everybody we are here to stay. If we want to get out of the combat role, we have

to convince them that we are here to stay. That Western commitment to underwrite the long-term outcome in Afghanistan is absolutely critical if we are to get the politics of the region right.

Running through 2010, we came to the Lisbon Summit, almost a year ago now, and the Lisbon Summit was the moment at which we agreed this two-track transition by the end of 2014, and the long-term commitment and the long-term partnerships with Afghanistan. And the two were absolutely critical. You could not have a successful transition without the sense that that transition was going to be underwritten. I do not think, to be candid, that we have communicated that long-term commitment as well as we should have done (at least in the region), because we have not yet managed to achieve that shift in the politics of the region so that they believe that the settlement is going to be underwritten as opposed to reinsuring against the day that we leave.

What we have seen in 2011 is further military progress. Dave Petraeus and I told the Lisbon Summit that we had regained the initiative: we said it was reversible, but we believed we had regained it. We had a briefing yesterday from one of the senior staffers in ISAF, and having regained the initiative in 2010, they have gone beyond that and now believe that we have reversed the momentum of the insurgents.

If you look around the country, there has been genuine consolidation of progress, especially in the south where violence has been driven down. Indeed, the number of insurgent attacks in the south has been driven down for the very first time - it had gone up every year in the past few years. The east looks much more problematic - there has been a spike in infiltration across the border from the tribal areas of Pakistan. The north and west are pretty much in the same state that they have been in for some while: pockets of insurgency, but in the end not actually threatening the fabric of the state.

But while that military progress is real, the politics are still extremely difficult and the levels of confidence in the region are really fragile and that has partly been affected by the assassinations and spectaculars, like the attack on the American Embassy, the assassination of Professor Rabbani, the assassination of Ahmed Wali Karzai in the south, and of Jan Mohammad Khan, another southern power broker. And of course they are achieving exactly what one would expect. We knew that they would try and become more asymmetric, we knew they would try to shake confidence in this way and to some extent that is having an effect. One of the challenges for us, for people in my kind of job, is to try and restore and then maintain a level of confidence that the military progress is going to be exploited politically, and not just left in a vacuum.

That brings me back to the exam question about our national security interests and whether can we preserve them. So let's look ahead to 2014. There are three strands to the British strategy for Afghanistan and of course our strategy is essentially nested within that wider NATO strategy, American-led.

One: A viable state. The choice of adjective is critical - it is a viable state. Some of the earlier, somewhat heady ambitions are ones that essentially we never really pursued, nor should we have ever tried to convince either the Afghan or our own publics that we were doing so. You do not turn around the poorest country in the world (or one of the two or three poorest countries in the world) in a matter of years. It is a job of decades as David Richards has pointed out and will continue to be a job of decades.

Rates of illiteracy are staggeringly high. It is only really in the last ten years that roads have reached large parts of Afghanistan. Journeys used to take days and days. The condition of women, children, and other vulnerable groups in rural areas remains extremely difficult. All of those things are still going to be true in 2014 and are a reminder to us that for most Afghans, the issue is not actually security, it is poverty and everything that goes with that. Of course insecurity is part of that, but for most Afghans, scraping together a living, dealing with those challenges, is actually what their lives are about.

But we have to try and build a state that is viable and on the right track, and we believe that we are on track for that. Despite all of the challenges, with rule of law, with corruption, and all the rest of it, we believe that the state is viable and can hold together.

Second: we have got to build a resilient enough Afghan National Security Force able to deal with whatever security challenges remain beyond 2014. In my judgement it is very unlikely that there will be no insurgency, no political violence and certainly no criminal violence after 2014. It is inevitable there are going to be pockets of this, no matter how much political progress we make. The Afghan National Security Forces have to be resilient enough, in an Afghan way, to tackle the security threats that remain.

We have only been doing that properly for about two years. So although, quite rightly, people say this is a ten-year perspective at this stage, actually if we look at it, it is a ten-year perspective with a very uneven input of resources and therefore output of progress.

With another three years of the same kind of progress we have made with the ANSF, I think we are in reasonable shape to get them resilient enough to deal with the security threats that remain. We have got to look at the balance between the army, the police and the local police. My personal view, reflecting what I have heard from people out in the villages, is they want to be secured. In the south, they want to be secured by people from their own community, they want to be policed by someone from outside, so that they do not get drawn into biased or partial behaviour by their sense of obligation to family or tribe or clan or whatever it might be. So we have got to look at the balance between the local police and the uniformed police.

We have got to look at the role of the Afghan Special Forces. The ones trained by the UK actually are right at the cutting edge. Their Task Force 333 is their most effective special force unit and one that we can take a great deal of pride in, and of course we have got to look at the army. They do not need, if you look around the region, a mass army. It needs to be national, but it also needs to have a manoeuvre capability, so it can deal with the most severe security threats that communities and policing cannot take care of for themselves, and we have got to look at the balance and capability of those, as well as the numbers.

The third strand to our own strategy is the political process, sometimes characterised as R3: Regional, Reconciliation, Reintegration. Let me just dwell upon that for a couple of moments.

As anybody in my profession knows, in a place like Afghanistan, you have to get the regional context right. I have said on the record many times that the Great Game is over, but of course there are people who want to re-run the Great Game or kick off Great Game 3.0 and play out their regional rivalries in this way. We are not going to build a stable Afghanistan or indeed a stable

region if that kind of behaviour continues and so we have to do our utmost to build a regional security framework, not one that is going to achieve the kind of things we have seen in Europe any time soon, but one that at least makes sure that Afghanistan is not the place in which those regional tensions and rivalries are played out. And of course the Afghan-Pakistani relationship is absolutely at the heart of that. There will no doubt be questions on that and I am happy to talk more about that in questions.

The second component of it, if you go from the very top to the bottom up, is reintegration. The reintegration of fighters - that programme is going pretty well, actually. Several thousands have now been through the process, but mostly in the north and west so far, not yet enough in the south, which, of course, is where the heart of the insurgency is.

It is worth just remembering just how uneven the violence is within Afghanistan. Two-thirds of the violence is in Helmand and Kandahar, and actually, if you added one more province in the east, Kunar, you are up to between 70% and 80%, I think it is less than 1% in Kabul, but these are the sort of very, very uneven numbers that reflect the situation there.

It is also worth reflecting on the opinion polls. Now you might question opinion polls in a country like Afghanistan, but they paint a consistent picture. Support for the Taliban nationwide is about 10%, a bit less, a bit more in some areas, but about 10%. But within the southern Pashtun belt, (because of course it is almost zero anywhere except there), it is about 25%. That is not a majority - people do not want the Taliban back, but if you have 25% support as we know from our own history, you have enough of a support base to run and maintain a resilient insurgency and so tackling that is absolutely crucial.

That brings me to reconciliation. This is the area which the media get most excited about and on which there is probably the most public focus. Talks with the Taliban - are they on, are they off, who are they with, what are their motives, are they waiting us out, do we have the watches, they have the time? All of that. That strand of it, to the Taliban leadership, is important and we have got to try and make it to work. In particular, that is where the Afghan-Pakistani relationship is clearly absolutely critical.

But, over 80% of the insurgents fight within their own district. They fight within a few miles of where they were born. We know that with confidence from those that we pick up and the intelligence that we gain, and the evidence of that is absolutely consistent over quite a long period. And that takes me back to the Marja point. This is a kaleidoscope of local grievances, local insurgencies, local violence, exploited and unified and supplied and shaped by the external leadership operating from the sanctuaries in Pakistan, but not actually fuelled by that. It is fuelled by those local tribal issues, as those who have served in Helmand will know.

In my view this is actually more important than the kind of thing we think about when we talk about reconciliation because we have a western mindset, which is sitting around a table and reaching an agreement, moving the commas around in documents and so on, as people like me spend our lives doing (I do not want to caricature, but you understand the point I am making) - but actually the real reconciliation is going to be done sitting cross-legged in the villages with the tribal leaders, working out with them how they and how the tribe next door are going to work out their problems.

Now we know that because it has been tried. We have actually tried it in Helmand. Governor Mangal, whom we are fortunate enough is still there (three and a half years in - it is an unprecedented amount of time for a Governor) and who is one of the strongest Governors in the country, has pursued exactly this kind of process in Helmand with the Ishakzai tribe, which is the tribe from whom the Taliban have drawn much of their strength in Helmand.

If you look at a map of where the Ishakzai are the dominant group and where the violence is in Helmand, there is a fairly close correlation between the two. Well, that is because that tribe was disaffected and excluded from the access to the benefits of the development aid that has gone in over the last ten years, and from political power.

To give you another example: in Badghis in the west where the Spanish forces have been doing a terrific job, you have a mixture of Tajik and Pashtuns in that province. The political power in that province is dominated by the Tajiks and so the Pashtun communities, quite naturally, feeling excluded, feeling disaffected, essentially turned to the Taliban.

There is a little bit of a parallel here to Africa during the Cold War. We used to talk about communist countries and those on our side. And actually of course, it was very often a local dispute, and one side in order to try and tilt the balance in their favour phoned Moscow and the other side phoned Washington. It did not actually mean they were ideologically committed to one or the other, but they were seeking to acquire some support in what was essentially a local grievance or local conflict.

It is a bit like that within Afghanistan and it varies around this very fragmented country. So absolutely critical to a reconciliation effort is that mid layer, if you like: the tribal leadership, the elders, and connecting them, not only to the state and the government, but actually to each other and resolving their local conflicts.

My view on this is that we have a real opportunity here. Transition is a major forcing mechanism for this. We know that, for obvious reasons, having foreign troops tramping through people's villages creates antibodies. However much security we bring, we are also a motivating factor for the insurgents. On balance, we bring more security than the insecurity that comes with it, but we have to accept that there is that component and we have to be aware of it.

Transition enables us to say to these groups, *'There are two ways of doing this: either we can carry on with the military pressure and just keep hammering away as we have done in Kandahar and Helmand over the past couple of years with considerable success, or you can work out your own problems and, as you do so, as you bring security to yourselves with a modicum of supervision from the state, whether it is from the police force or whatever, we will step back and we will step back in a phased way and you will no longer have that friction that motivates many of these young men to fight, or is at least exploited to enable these young men to fight'*. So that mid-tier reconciliation is absolutely critical and it is an area that is not often appreciated.

Talks with the Taliban: I am not going to get into a great deal of detail on that - it is at a very, very delicate stage. You will understand of course, that the assassination of Professor Rabbani has been disruptive, as Lord Hannay was reminding me on the way in, although if we allow that to knock the process off track entirely, then we simply hand the veto to the hardest of the hardliners. And no

process is going to succeed - indeed it will inevitably fail - if we permit that to happen.

So of course it has been damaging to confidence and of course we have to understand who ordered it (was it the Taliban leadership, was it some rogue element?) and we do not candidly have a complete picture of that yet. It will take some time until we do understand that, but the political process has to go forward, because in the end as we know, there is really no alternative to a political settlement. We can only build on what the military have achieved.

In terms of that political settlement, the principles are clear: the renunciation of violence and terrorism and respect for the Constitution, but what does that mean in practice? Well, it means that Afghanistan must remain a unitary state. There is no way that bits of territory can be handed over to particular groups, whether that is in the south or indeed in the north, because one of the most worrying features of the past few months is the northerners, feeling that this process is getting away from them, are becoming quite nervous and are beginning themselves to reinsure, as any of us would in their circumstances. They have to be re-engaged and their confidence re-engaged in the process. One way to do that is to ensure that the principle of the unitary state remains. The territory is not going to be handed to different groups and the country fragmented.

Second, political inclusion, right back to that first mistake that was made in Bonn. Everybody has to feel they are part of this. Everyone has to feel they have someone in Parliament, someone in the local provincial council, the Governor, the District Governor, the police and the judiciary and that all of these critical jobs represent their interests and their point of view - including those of the support base from which the Taliban draw their strength.

And of course we have to get the regional structure right. Those countries like the UK who are signing strategic partnerships with Afghanistan need to be clear, not only about what they are, but about what they are not. We need to reassure the region in a credible way that our presence beyond 2014 is not a threat to them and is not designed to be a threat to them, otherwise we will simply provoke the kind of Great Game behaviour that will mean we will just go around this course once again.

When I took this job, the first thing I wrote to the Prime Minister when he said he wanted me to do this, was that we were probably more worried about Afghanistan and less worried about Pakistan than really should be the case. If we look ahead to the UK strategic national interests, when we no longer have 10,000 troops at risk and it is quite right that it remains our focus while we do, then our exposure to risk from Pakistan is clearly where the UK's long-term interests in that part of the theatre lie, and of course our interests in India as well, and the risk of deterioration in Pakistan creating tensions with India and damaging our interests in India.

So, quite rightly, this government, like the last one, has a policy of just engage, engage, engage with Pakistan. That engagement is often frustrating, there are many issues on which we have different perspectives, but I think what we need to understand is that for Pakistan, probably more than anywhere, the credibility of our commitment in that region is the critical issue. If they do not believe we are going to be there to underwrite whatever settlement emerges in Afghanistan, then in their own national interest they have no choice but to make decisions that from our perspective will be counterproductive.

And that is something I was in Pakistan last week talking about - they were very open about that. They perceive their history as being one of interest being bestowed and withdrawn, bestowed and withdrawn according to our domestic considerations rather than their long-term interests, and we have got to break that cycle and demonstrate that our commitment is enduring.

That does not mean a large military commitment, if I can come right back at the end to the exam question. It does not mean a large and enduring military commitment. The Afghan National Security Forces are around 300,000 and will be up to 350,000 strong by the end of 2014. They may come down a bit after that, depending on the threat - they should be capable of securing their own country.

So the continuing mission after 2014 - and there will be a continuing mission - will be to train and support the Afghan Security Forces, to maintain a decades long substantial development programme that gives everybody in Afghanistan a sense of the future and a sense of a positive future if they become part of it. And, of course, continuing political efforts, because however hard we try - we may pull it off - but I doubt we will get a complete political settlement by 2014. What we need is a process, as again we had in Ireland and other places, that is robust enough to hold everybody in by then and then will continue thereafter, as we have always said, to be Afghan-led.

So can we achieve our national security objectives? Absolutely. Is it guaranteed? Well, of course not, as all of you know. But the ability to achieve that is in our hands and of course it is primarily in the hands of Washington. Their objectives are very closely aligned with ours and in my view, that sense of enduring commitment that this is a region that we care about, and that we are not going to walk away from, is probably the biggest political choice that we have to make and the biggest political signal that we can give, if we are to manage all of the issues that we have to in order to bring this out to the right place.

Thank you.

IS BRAZIL A FUTURE GLOBAL POWER?

Transcript of a lecture given by Dr Peter Collecott CMG

17th October 2011

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Thank you very much to the Global Strategy Forum for inviting me to speak to you today.

For somebody from my background, it is always a pleasure to talk about Brazil, because when one has been in a country like that which is exciting, one ends up being passionate about it to a degree. But I have to admit that there is one hesitation about talking about Brazil in this country, which is that Brazil is a country which the United Kingdom was engaged with very deeply in the 19th century and then we managed to forget about it basically for a hundred years (most of the 20th century) and only recovered an interest in the last 20 years, say.

And so I have this problem that the level of familiarity with Brazil, when one talks to British audiences, is relatively low on average and yet I know that here within the audience, there are some people who know the country extremely well. So I crave indulgence. I will try not to insult the knowledge or the intelligence of those of you who know Brazil rather well, while also trying to come down to some basics and some fundamentals which I hope will support the argument that I am trying to make about Brazil's progress so far and the mainstream of argumentation, which is really the question and the title of the lecture, 'Is Brazil A future Global Power'? So again, I will leave lots of things out, but I will try and concentrate on that.

I thought it might be helpful to structure the first part of what I am going to say to you by putting forward and addressing three propositions - none of them particularly staggering, but I hope they will set a basis for what I then want to say after that.

The three propositions are the following and I will then talk about each of them.

The first one is that Brazil's size, her natural endowments and bits of her history, actually predispose her to be a big player once we have a globalised world. In other words, scale in a globalised world, to a degree, matters. That is the first one and I will come back to it.

Secondly, and perhaps slightly more surprising, is the proposition that for Brazil, if you are going to be a major player in a globalised world, it is a bit more natural to be a global power rather than a regional power, and I will try and explain that a bit later on.

Thirdly, as a matter of more historical fact, the proposition that Brazil has indeed long aspired to major power status of one type or another.

So let me address those, before trying then to go on and say, okay, but predisposition and aspiration is not actually enough to create a great power. They may actually need other things such as a bit of underlying substance and opportunity, not to say luck.

So that will be the second half of what I want to talk about.

If we look at the first of those three propositions: that Brazil's size, natural endowments and history predispose it in some sense, once we have a globalised world, to be a big player in that world. In other words, scale matters and scale is always one of those difficult things. It is one of those things that as Ambassador in Brazil, I always had to make sure that visitors either coming from other South American countries or coming from this country actually had an appreciation of the scale of what they were dealing with.

This gives me a chance to roll out a whole load of statistics which are very basic, but I hope will actually define a little bit the nature of what we are talking about and we are indeed talking about, in terms of geographical area, the fifth largest country in the world. Russia, Canada, China and the US are somewhat bigger, but Brazil is geographically bigger than Australia. It is of continental size and if you lop off Alaska from the US, it is actually bigger than continental US, so this is not a small country in South America of insignificant size. Partly along with that, but not so startling perhaps, it is also the fifth most populous country in the world. China, India, the US and Indonesia are larger in terms of population, but Brazil has a population at the moment of 190 million people - pretty significant.

It is a two trillion dollar economy at the moment. It has always been quite a big economy, but it is presently over two trillion dollars, currently about seventh in global rankings, soon to be fifth - soon to leap over France and the UK and to be behind only the US, China, Japan and Germany. That is in terms of market values. If you do it in terms of PPP values, Brazil is much the same, but actually India comes up very substantially.

So, geographical and economic scale is there.

Let me just talk a little bit about natural endowment. Minerals first. Brazil is the largest producer of iron ore in the world, it has got huge untapped reserves of uranium, it is a large producer of alumina, it had a gold rush of significant proportions in the 18th century which enriched the Portuguese treasury rather. It has all kinds of diamonds, gems, lots of gem stones which you cannot see anywhere else, and now it has very, very significant reserves of oil and gas offshore, which are in the process of being exploited. I think the interesting fact about all this is that, at the same time, the statement is that only about 15% of that huge land area has actually been properly geologically prospected to more than a hundred metres of depth. So you say to yourselves: what else is there out there that they are going to discover and what is the potential in terms of natural resources?

And while we are talking about that kind of endowment, one has to think of not just the minerals commodity side, but also the agricultural commodity side where Brazil is already a huge superpower in terms of scale. They currently cultivate something like 60 million hectares of land, and with that,

they are either the largest producer or largest exporter (depending on the commodity) of beef, chicken, coffee, sugar, orange juice - the list goes on and on. Not quite so good in pig meat, but not bad, and then you realise that they are doing that from 60 million hectares of cultivable land. They have actually got another 120 million hectares of cultivable land, which is not cultivated. So the potential is incredible.

The big thing that they have, which a lot of others do not, is water, plenty of fresh water. Indeed, I think the statistic is that 28% of the world's flows of fresh water flow down the Amazon. So, they have at their disposal, if you like, a commodity which is going to become incredibly important both economically and also probably strategically in the year ahead. Having mentioned the Amazon, I have got, of course, to mention that they have the largest expanse of tropical forest and along with that they are a mega-diverse, biodiverse country. Equally biodiverse is the plateau land, the so-called Cerrado in Brazil, which is actually where some of this large expanse of agricultural land is.

Enough of natural heritage. Let me just talk about two facts of history, which I think are important for this idea of predisposition to be a great power.

The first fact is that Brazil - and here contrasted with China, India and other countries if you will - is fundamentally an immigrant country. The indigenous population is now tiny. It was effectively wiped out in the colonial era, but one of the things it means is that they have natural connections through that immigrant population to Europe, to Africa - the slave trade. Many people do not know that seven times as many slaves were imported into Brazil in Portuguese times as into the US, an absolutely stunning figure. And they also have Middle East populations, which give them a natural connection to that region. So although they have had periods in their history when they have been very inward-looking, there are also channels to the outside.

And a second fact of history which I will just mention in this context is that, unlike the rest of South America, Spanish South America, they had a very peaceful transition to independence, which did not actually cause a huge rupture with the European colonising state, in this case Portugal. So I think those things - just hold in the back of your mind as we come to look at Brazil a little later on.

Now the second of the propositions I wanted to put before you was that it was perhaps more natural for Brazil to think of itself, if it is going to become a major power, as a global power rather than a regional power.

There is a very interesting and very comprehensive article by Leslie Bethell (I do not know if people know him – now retired, he is the pre-eminent British historian of Brazil) which he published last year in the Journal of Latin American Studies, which makes a very compelling argument that, historically, Brazil maintained close ties to Europe (initially to Portugal and subsequently in the 19th century, to the UK and France) and significant ties to the US, both of which were actually much closer than the ties which Brazil had to the rest of Latin America.

Indeed, for most of its independent history, the Brazilians did not think of themselves as part of Latin America. As far as they were concerned, Latin America was Hispanic America, and they were something different. It is only in about the last 20 years that Brazil has engaged seriously with its neighbours, and the sphere of neighbours which it has chosen to engage with is not Latin America or Latin America and the Caribbean (for political and other reasons, Mexico is a bit difficult for them),

it is actually South America.

Hence the concentration on Mercosur, the common market of the Southern Cone, more recently on UNASUL which is the United Nations of South America (which started off as the Community of South American Nations, a sort of incipient defence council of the countries of South America generated by the Brazilians) and this concentration on South America rather than Latin America is partly, as I said, for political reasons, and it has got partly economic advantages as that is their natural economic hinterland. It is a huge expansion of their already very large home market, but they also see it in strategic terms as consolidating the regional base on which to build a much greater power projection in the world.

So it is for them, a step towards global influence rather than the determining fact itself, and you have only got to think in terms of the votes that they would like to garner to become a permanent member of the UN Security Council as an obvious example of that. So that is the second proposition I wanted to put before you.

The third one is that Brazil has actually aspired to major power status of one kind or another for a long time. I am sorry if this is a lesson in history, but there are a few nuggets along the way which I think are quite interesting, and by coincidence, quite a lot of this has actually been collected in an article which should be published about now, which I have authored in the Diplomatic Courier, which is a Washington-based periodical.

In a sense, the most trivial example of aspirations to be a major power, but also perhaps indicative, dates from the moment of Brazilian independence in 1822, when they declared themselves independent from the Portuguese Empire, because the chap, who was subsequently King, refused to go back to Portugal as his father told him to, and they did not declare themselves the Brazilian Kingdom, they declared themselves to be the Brazilian Empire. Not much substance behind it except being a big place, because at that time they were increasingly part of the British imperial orbit in South America, but still, it was there, that kind of interesting aspiration.

Fast forward a hundred years and you get to 1928: after a hundred years of national consolidation, Brazil was already a well-respected, but non-permanent, member of the Council of the League of Nations. The Locarno Treaty had just been signed over there in the Foreign Office, and one central element of that was the admission of Germany to the League of Nations, and the price of that was that a permanent seat for Germany should be created on the Council. This was part of the deal.

Very interestingly, two countries who stood out against that were Spain and Brazil. They both said, but Brazil in particular said, 'Fine, we'll agree to that, but we want a permanent seat for us as well.' It is a very interesting little bit of history, because they also said, 'and all the Latin Americans support us'. Within a few days it became absolutely clear that the Latin Americans did not support them at all - they resiled from that. But the Brazilians took it to the extent that in 1929 they resigned from the League of Nations over that particular issue and they never came back.

The next iteration of this little story was, I guess, in 1945, not so much at Brazilian instigation, but actually at American instigation with Brazilian acquiescence, when at the Dumbarton Oaks Conference, the Americans actually put forward (and this apparently came from Roosevelt himself) that the Brazilians should be a permanent member of the new UN, which was being discussed

there.

This was an idea which was dumped on pretty quickly by both the Brits and the Russians, not because they did not like Brazil, but because they thought five was plenty as far as the permanent members were concerned, having already conceded that the French and the Chinese, as well as the Big Three at the time had to be there. But it has become part of Brazilian diplomatic mythology that they nearly were permanent members at the San Francisco Conference in 1945, but were pipped at the post.

Post war, this aspiration for great power status, I think, was sublimated to a degree, partly because of the global situation, the Cold War, and partly because Brazil was going through a period of instability, both politically and economically. But it suddenly sprung up again with some force, once Lula became President and under his Presidency we have seen a fairly constant campaign by Brazil since 2003 to be a permanent member of the UN Security Council, latterly a campaign in association with Japan, India and Germany. It is still there and unresolved, but I put it there just to say that the aspiration has been a thread through Brazilian history and remains so.

Now, as I said at the beginning, scale, predisposition, aspiration, is fine, but to actually achieve to something, you have also got to have some underpinning substance and you have also got to have some opportunities. What I would like to go on to say is that in many ways, Brazil over the last 20 or 30 years has been very lucky in this context and has managed to establish itself politically and economically in a good state at the right time.

They were lucky, in a sense, because in 1985, a period of 20 years of authoritarian military rule came to almost a natural end at about the same time as the Cold War came to an end. So as the structures of global alliances and global governments started loosening up post-Cold War and began to change, and as economic globalisation and political globalisation as a result was beginning to kick off, Brazil was actually in a position where it was changing economically and politically in ways which enabled it to catch the wave of both of those things.

Politically, Brazil was clearly moving to consolidate democracy and democratic institutions after a period of 20 years of military rule, which they did remarkably successfully. Why was that important? Well, Brazil is not China and I think for them, democracy was important both to provide domestic coherence and cohesion to what they were doing and what they were trying to do; and also to provide greater international acceptability to others as they tried to exert greater influence abroad. At the same time, they were beginning, in strong ways, to do their economic homework.

There is another little known fact (it was little known to me till a few years ago) that actually between 1930 and 1980, on average, Brazil was one of the very fastest growing countries in the world. But they went through all kinds of political ructions in the course of this, and their economic growth was always subject to external economic shocks and bouts of inflation and hyperinflation domestically.

But with the end of military dictatorship, they were beginning to move from a system of very inward-looking autarky which did them some good, towards a much more outward-looking, open, somewhat more liberal economic system. To address the issues of instability and inflation, they had a series of currency reforms, which ended with the most important, the Real Plan in 1994.

It is absolutely fascinating: if you look at the graph of inflation before that and afterwards, inflation just was way up. It was something like 20%-30% a month and it just fell straight down a cliff and has stayed somewhere lower than 10%, currently at about 5% or 6%. It was a fantastically successful currency reform which propelled the Finance Minister, Cardoso, to be President next time round, and he - taking over from his predecessor, but also passing onto his successor – was one of the architects of the more general liberalisation of the Brazilian economy.

But perhaps the crucial point in that process in political terms came during the 2002 election, which was the election where Lula was running for President for the fourth time and eventually succeeded. He was running on a somewhat left-wing anti-IMF programme until the currency markets globally began to react very strongly against that, and in the middle of the election campaign, he sent a so-called letter to the Brazilian people saying, 'No, no, no, I have seen the light, I will pursue the policies which the IMF imposed on us in order for the loans. We will have a responsible fiscal policy and we will have a strict monetary policy'.

And in a sense, not only did he carry those things out in his eight years as President, but what he actually did was to remove the main aspects of economic policy from political contention and that was hugely important for Brazil's continued progress.

And finally, in the list of things they have done right economically, one should not forget that they have had some really very smart and very good debt management since 2003, to the extent that, at some considerable cost, they domesticised most of their government debt, paid off all their foreign government debt and because of the export boom, they have foreign exchange reserves which used to be zero and are now 275-280 billion, which is a nice buffer against those external shocks which used to knock them off course so frequently.

So to sum that up, I would just like to say that I think Brazil is one of the great winners from the process of globalisation which has been going on over the last 20 years and you have to ask yourself why that is.

I think it is because Brazil actually produces what the world needs. It is a huge food producer and the demand there is not going to be less. It produces minerals, as I have said. It has got a very clean so-called energy matrix, it produces clean energy, knows about biofuels and it has got water, and eventually water will be a huge, either economic factor or tradable commodity. It is a bit difficult to see how water can be traded heavily, but the products which are produced with water may well be traded heavily because some parts of the world have it and some do not.

And so, because it produces those things and because it had got its economic house in order, Brazil was actually able to ride the commodities boom which came with globalisation and the rise of China in a fantastically propitious and beneficial way for itself.

At the same time, which is interesting in the context of the recent global financial crisis, Brazil was able to diversify its export destinations away from a huge dependence on Europe and North America, to China in particular, but also to the countries of Asia and to a degree to Africa. And politically, having done that homework, after the end of the military regime in 1985, Brazil was somehow also able to profit from the shifting of the global tectonic plates of power which went on then.

It was able to get onto the plates which were shifting in a positive direction with the rise of China and India, because it had manifestly got its political and economic act together and was becoming economically powerful, because in a number of areas it was actually key to big negotiations which were going on, such as trade policy, such as the continuing climate change negotiations, and also because in the world of worrying about the environment and sustainable development, the Brazilians are crucial because of their endowments. If you cannot get sustainable development right in Brazil, then you are not going to do it anywhere else. So they are very influential within that sphere, as we saw from the original Rio Sustainable Development Conference in 1992 and the Rio+20, which is happening next year.

As I have hinted, they were therefore in a position within the global power structure, but also in more mundane ways within the multilateral organisations, to benefit from the relative decline of influence of western countries, which received a huge impetus with the global financial crisis and the symbol of that was that suddenly, in the midst of the GFC, had to be conjured into substantial being the G20 at Heads of State level, which had only ever before existed at Finance Minister level, in order to become what it probably is now - the major deliberating, if not decision-making body, as far as the global economic situation is concerned.

So, Chairman, with your indulgence, if I may, I want to say briefly something about the future and something about the implications for British policy.

As you know from your invitations, if not before, there is a lovely saying which the Brazilians say about themselves, which is that 'Brazil is the country of the future and always will be.' In other words, future postponed, aspirations not realised. Well, put in brief, I think that economically in Brazil, the future has arrived. Growth is sustainable at 5% or 6%, inflation is under control, they have huge external reserves as I have said. There are some choppy seas which they have to go through at the moment like everybody does, but they are not as choppy as the seas we are having to go through.

They have had a deficit of infrastructure, but there are huge infrastructure investments going in now, partly impelled by the World Cup which is coming their way in 2014, and the Olympics in 2016. They have a programme of something like $130 billion worth of infrastructure investment between now and 2014, along with $180-190 billion of oil and gas investment between now and three years' time, a four-year programme.

I think their future is that they will continue to be a global provisioner. But – and this is something we really do not have time to go into - just as China has become the workshop of the world, and India has become the IT service centre of the world, I think Brazil's plus point, the point where they actually have advantage over everybody else and their unique selling point is probably to become a centre of everything to do with bio: bio-industries, biofuels, bioplastics, bio-refineries are coming down the track and they have all it takes to do that.

Assuming I am right and the future is pretty rosy and that Brazil does become a more important power, just one word about what kind of major power they are likely to be in political and economic terms. I think it is easily summed up by saying that they, when you talk to them about it, have an aspiration to be what they call a 'different kind' of major power, a different kind of permanent member of the UN Security Council. By which they mean relying on soft power, not hard power,

relying on negotiation, not coercion and by which they mean that they would be firmly multilateral and would continue to be concerned about intrusions on sovereignty. Therefore, they are likely to be a status quo power which wants to change the system, but does not want to fundamentally throw it out and replace it with something else.

So, evolutionary and not revolutionary. They are likely to be consensus driven and moderate and they are likely to be an upholder of multilateral institutions in the rule of law. Whether down the track this will lead to them actually wanting to develop a bit more hard power, a military naval presence in the South Atlantic, is something for quite a long way down in the future. It is entirely possible, but I think off the present radar screen

So: implications for British policy and then I had better wrap up.

I think the first one is the most obvious one. The world is changing, it is not going to stop changing and therefore we had better adapt to it as this country and, in particular, we had better find out where we fit in within this new world order. I am not sure we have actually begun that kind of conversation in a serious way, that kind of investigation into how we are going to fit into this, how we are going to maintain influence if we want to and how we are going to maintain the standard of living which we have become accustomed to in a world where we have far less influence and levers of power than we have had previously. It has started, but I think we need to go much further.

My second more specific point is just this: let's continue building more substantial bilateral relations with countries like Brazil and the other BRICS. Trade is important, but it cannot just be trade and we have to understand what things they also want from us. This might be investment, it might be access to capital markets, it might be technology and know-how, it might be scientific and technical collaboration or knowing how to do innovation properly and get it into the real economy and it might also be things that we can share in: trade policies, sustainable development, even non-proliferation.

Perhaps the most important thing implicit in that is that one has got to get out of a traditional mindset and into a new mindset, and with countries like Brazil, develop a relationship which is not just rhetorically based on partnership, but actually really is, and a relationship which is built on trust and not just on opportunism. If we can do that, they will be great partners.

If they believe that we are opportunistic or that we are being paternalistic British, not sincere, then we are not going to build the kind of relationship that we need in order to find that position in the new constellation that we need.

Thank you.

NUCLEAR WEAPONS: THE STATE OF PLAY

Text of a lecture given by Professor the Hon Gareth Evans AO QC

18th October 2011

Professor the Hon Gareth Evans AO QC *has been Chancellor of the Australian National University since January 2010; a Professorial Fellow at The University of Melbourne since July 2009, and is President Emeritus of the Brussels-based International Crisis Group, which he led from 2000-2009. He previously spent 21 years in Australian politics, thirteen of them as a Cabinet Minister, including as Foreign Minister (1988-96). He has co-chaired two major International Commissions on Intervention and State Sovereignty (2000-01); and Nuclear Non-Proliferation and Disarmament (2008-10) whose report 'Eliminating Nuclear Threats' was published in December 2009, and he is a member of the UN Secretary General's High Level Panel on Threats, Challenges and Change (2004), the Blix Commission on Weapons of Mass Destruction (2006), the Zedillo Commission of Eminent Persons on The Role of the IAEA to 2020 and Beyond (2008); and the UN Secretary-General's Advisory Committee on Genocide Prevention. He is Co-Chair of the International Advisory Board of the Global Centre for the Responsibility to Protect.*

The Good News

The good news about nuclear weapons, and there is some, is that, after a decade of sleepwalking, there really has been a high-level political effort made over the last three to four years to jolt policymakers and publics into confronting the reality that unless we seriously commit to complete disarmament – to getting all the way to zero - there is a very real risk that the planet as we know it will not survive, and that that effort has borne some fruit.

The first high-profile effort to shock the world out of its complacency was made by four of the hardest-nosed realists ever to hold public office - former US Secretaries of State Henry Kissinger and George Shultz, Secretary of Defense William Perry, and Senator Sam Nunn -- in their famous series of Wall Street Journal articles since 2007 arguing that whatever role nuclear weapons may have played in the Cold War, in the present international environment the risks of any state retaining them far outweigh any possible security reward. That was followed by a series of similar 'group of four' statements from eminent former officials in the UK and elsewhere. And then came the election of Barack Obama, a US President at last totally committed, intellectually and emotionally, to the ultimate achievement of a nuclear weapon free world, a vision which he articulated superbly in his 2009 Prague speech.

It is a message that has since been reinforced by, among other initiatives, the International Commission on Nuclear Non-Proliferation and Disarmament (ICNND) which I co-chaired, and which built upon the work of earlier commissions and panels, including the Blix Commission on Weapons of Mass Destruction going back to the Canberra Commission in 1996. In our 2009 report we systematically analysed and documented the nature and extent of the risk which exists from

non-state terrorist actors getting their hands on nuclear weapons or material; of new states joining the ranks of the nuclear armed; of the proliferation risks that will be associated with any expansion of civil nuclear energy in the years ahead; and - above all – the risks associated with the existing global stockpile of 23,000 nuclear weapons, with their combined destructive capability of 150,000 Hiroshima-sized bombs, 7,000 of them still operationally deployed, and (unbelievably, 20 years after the end of the Cold War) some 2,000 of those held by the US and Russia still on dangerously high alert, ready to be launched on warning in the event of a perceived attack, within a decision window for each president of four to eight minutes.

The key point we made was that given what we now know about how many times the very sophisticated command and control systems of the Cold War years were strained by mistakes and false alarms, human error and human idiocy; given what we know about how much less sophisticated are the command and control systems of some of the newer nuclear-armed states; and given what we both know and can guess about how much more sophisticated and capable cyber offence will be of overcoming cyber defence in the years ahead, it is sheer dumb luck that we have survived as long as we have without catastrophe, and the worst kind of wishful thinking to assume that that luck can continue indefinitely.

The new momentum that has been generated by all this alarm bell ringing, and associated articulation of action plans, has brought some results. Last year's Nuclear Non-Proliferation Treaty Review Conference did not collapse in disarray, like its predecessor, and some useful – albeit lowest common denominator – language was agreed, including on movement towards a Weapons of Mass Destruction Free Zone in the Middle East. There has been movement in Vienna, at the IAEA, on setting up a fuel bank which will give an incentive to new nuclear energy entrants not to establish new uranium enrichment or plutonium reprocessing facilities of their own ('bomb starter kits' as they have rightly been called). France has dismantled its own such facilities, and set a ceiling of 300 on the number of warheads it will retain; the UK, similarly, has set a limit of 225 on its warhead numbers, and been transparent in declaring that no more than 160 of these will be operationally available.

In the US, President Obama has delivered, with the cooperation of President Medvedev, the US-Russia New START treaty, which will bring some significant reductions in deployed strategic weapons, if not their actual numbers; he has hosted a successful global summit (to be followed up next year in Seoul) on the crucial issue of securing nuclear weapons and material from misuse; and he has overseen a Nuclear Posture Review, which – in the interests of reducing the role and salience of nuclear weapons - at least holds out the possibility that the US will declare that the 'sole purpose' of its nuclear armoury is to deter the use of nuclear weapons by others (though it is all rather like St. Augustine's 'God give me chastity and continence – but not yet.')

The Bad News

But that is where the good news ends. The US Senate is no closer to ratifying the Comprehensive Test Ban Treaty than it ever was, and China, India and Pakistan among others are sheltering behind that inaction; a host of obstacles stand in the way of further bilateral arms reduction negotiation any time soon – both in the US and Russia; although the Permanent Five Security Council members have started regular consultations on these issues, no progress at all has been made in terms of starting serious disarmament discussions with China, or on a wider multilateral basis; an ugly

stalemate continues in Geneva on negotiation of the proposed treaty to ban further production of weapons grade fissile material; among proliferators and would-be proliferators, North Korea is no closer to being put back in the box, and Iran is closer than ever to jumping out of it should it make the decision to do so; and, even after last week's announcement – after months of haggling – that a Finnish diplomat would facilitate the process, one would need to be a supreme optimist to think in the present environment in the Middle East anything useful will emerge any time soon from the effort to hold a WMD Free Zone – and if that is so, quite apart from anything else, it will not help the chances of any kind of consensus on the next NPT Review Conference.

So the air has quite seriously gone out of the nuclear disarmament balloon. I have just come from a meeting in Seoul of North East Asia security specialists, and it was a dispiriting experience: they were all concerned with proliferation, but not remotely focused on disarmament. The assumption was that nuclear weapons were a given and would remain so, this was seen as posing technical rather than existential problems, and the talk among US allies was all about maintaining traditional extended nuclear deterrence: it was like being in a Cold War time warp.

Re-Energising the Agenda

So what can we do to reinflate that balloon – and ensure that it is not just full of hot air? How do we regenerate that momentum that seemed so promising just a couple of years ago? What should concerned parliamentarians and activists be arguing for?

(1) Remaking the Case for Zero. The first priority must be to make the case for global zero all over again, both top-down from leaders, and bottom-up from civil society activists, and this time in a way that the message really sticks in the mind of publics, and policymakers and those who most influence them. The story is there to be told, but it must be told over and over again, in a way that compels attention. The absolutely crucial messages can be very simply stated:

- nuclear weapons are the most indiscriminately inhumane weapons ever invented. They cannot be uninvented, but they can and must be outlawed, as chemical and biological weapons have been;
- so long as anyone has nuclear weapons, others will want them; so long as any nuclear weapons remain anywhere, they are bound one day to be used – if not by design, then by mistake or miscalculation; and
- any such use will be catastrophic: nuclear weapons are the only ones capable of destroying life on this planet as we know it. The only comparable risk to planetary survivability is climate change, and bombs can kill us a lot faster than CO2.

(2) Mapping a Credible Path to Zero. A second priority, certainly intellectually (opinions will differ as to whether this is politically necessary) must be to map a credible path to zero - showing how it is possible to get to where we need to go. Nuclear disarmament activists and advocates are absolutely united in our commitment to that end goal, but there are differences – which we need to acknowledge and accommodate – in the way the road to zero has been mapped. The differences basically boil down to two different visions of what can be accomplished by when, which could be labelled the 'super-optimistic' and the 'optimistic' respectively:

The Super-Optimistic Roadmap: The Global Zero Action Plan. This proposes the phased, verified elimination of all nuclear weapons. It is a four-phased strategy to reach a global zero accord over the

14 years from 2010 to 2023, and to complete the dismantlement of all remaining nuclear warheads over the following seven years to 2030. In Phase 1 (2010-13) there would be a major new bilateral accord between the US and Russia, and preparation for multilateral negotiations; in Phase 2 (2014-18), there would be further bilateral US-Russia agreed reductions, an agreed freeze on increases by the other nuclear-armed states, and establishment of a new verification and enforcement system; in Phase 3 (2019-23) the negotiation of a global zero accord, signed by all nuclear capable countries, for the phased, verified, proportional reduction of all nuclear arsenals to zero total warheads during Phase 4 (2024-30).

The Optimistic Roadmap: The ICNND Action Plan. My own Commission in its 2009 Report, while wholly committed to the zero objective, took the view that even on the most optimistic assumptions about what might be achievable in practice (and some of those assumptions are now looking decidedly shaky in the light of the loss of momentum I have described), it was simply not possible now to map the road all the way to zero, and that a more realistic course - and one that had a much better chance of getting buy-in from the relevant governments - was to aim at a 'minimisation' target to be achieved over the fifteen years to 2025.

This would have three elements – a phased but dramatic reduction in stockpile numbers, from 23,000 to less than 2,000 (the US and Russia 500 each, and all the other armed states 1,000 between them); universal embrace of 'no first use' doctrine; and practical credibility being given to that doctrine by having only a very small number of weapons actually deployed, with the rest needing a long lead-time to make operational.

As much as we would have liked to continue the timeline to zero by 2030 or 2035 or some other specific date, we assessed that it was simply not credible to try to do so now. Getting from low numbers to states giving up their weapons completely will not be, as much as we might hope otherwise, just a matter of continuing along a quantitative continuum, but jumping over four huge qualitative hurdles: geopolitical uncertainty, psychological reluctance, and having in place verification and enforcement systems which every state is totally confident will stop any subsequent breakout. Maybe if the minimisation phase goes well, we will be able to put a timeline on the elimination phase within the next decade, but we simply did not think it was possible now.

Opinions here will no doubt differ as to which of these roadmaps you find the most credible – or least incredible! – and the most attractive for campaign purposes and energising real commitment by policymakers. Of course there is an argument, which I well understand, that specific dates have more immediate appeal, and that it is better to set one's sights too high rather than too low. The question we have to wrestle with is whether setting target dates which are seen by policymakers as impossibly ambitious will stop them listening altogether.

(3) Finding Mechanisms to Energise Policymakers and Publics Others will have ideas about how best to do this both in the short and long term – including no doubt through the education system, where nuclear issues seem to have long been more or less completely neglected in every country of which I am aware - but let me mention three particular initiatives in which I have been involved one way or another.

Nuclear Weapons Convention. This is a way forward which has been mapped by a group of international NGOs, is supported by many governments (though so far none of the key nuclear

players) and I am sure will have a good deal of support in the UK Parliament. It is to get started immediately on negotiating and seeking support for an all-embracing Nuclear Weapons Convention, which would provide for the phased achievement of global zero (though at the moment with the timeline left open to be negotiated) and embrace a complete legal array of supporting verification and enforcement machinery. The models that most proponents have in mind are the Ottawa treaty on land mines and the Oslo treaty on cluster bombs, which were initially negotiated by groups of like-minded governments, have secured considerable (though still by no means universal) buy-in from other governments, and proved to be wonderful vehicles for energising grass-roots campaigning.

There is not much to dislike about the idea of a NWC, though a number of governments clearly do - as I found when I tried to drum up support around Europe last year for a new global research centre which would have as one of its objectives the substantial further development of the draft now in circulation, so that it could be a credible foundation for multilateral disarmament negotiations whenever these could be started. I think work of this kind should now take place, and the only question that needs to be debated further is whether the NWC really is capable of being a "campaign treaty" on the Ottawa and Oslo models, or as I am inclined to think, the issues it addresses are so much more complex – with so many (like verification and enforcement) presently so unresolved – that this just could not work in the same way.

State of Play Report Card. I have been involved in establishing recently a new centre at the Australian National University, supported by the Australian government – which will work with SIPRI in Stockholm and have some outreach activities in Geneva with the assistance of the Swiss government – whose primary role will be to produce a series of major 'state of play' report cards, the first at the end of 2012, summarising where we have got to on the whole vast interlocking nuclear agenda that the world needs need to pursue, and making clear – without pulling punches in the way that official intergovernmental reports invariably do - who is pulling their weight and who is not, and what the action priorities need to be for the short, medium and longer term ahead. Hopefully this will prove to be a useful advocacy and energising tool.

Leadership Networks. The third initiative is an important one which will be very familiar to this audience following the efforts of Lord Browne – and many of you here – to establish the European Leadership Network on Nuclear Non-Proliferation and Disarmament: the idea of gathering together experienced and high-profile current and former figures from politics, diplomacy and the services to inform and energise public opinion, and especially high-level policymakers to take seriously the very real threats posed by nuclear weapons, and do everything possible to achieve a world in which they are contained, diminished and ultimately eliminated.

Inspired by the European example, and the excellent inputs that the ELN has been making, for example, into the ongoing debate on NATO's nuclear posture and specific issues like the future of tactical nuclear weapons, I have been engaged over the last year in establishing a similar group for the Asia-Pacific region– with the help, as was the case with the ELN, of a seed grant from the Nuclear Threat Initiative, co-chaired by Sam Nunn and Ted Turner. APLN presently has some 30 very senior members from thirteen countries from Japan to Pakistan – nearly all former Prime Ministers, Foreign or Defence Ministers, National Security Advisers or service chiefs – and we are meeting for the first time next month in Tokyo to see if we can thrash out a general position statement, and make progress on some specific issues where we have formed working groups, namely extended

deterrence, transparency and the potential for multilateralising in the region the most sensitive stages of the nuclear fuel cycle.

If getting real movement on these issues is, in the Euro-Atlantic context, slow-boring through very hard boards, let me tell you that in my part of the world, it will be like tackling a rock with a penknife. But we will persist because we must.

Finding Common Ground

One of the many frustrations of working with these issues is that, as with just about every reform effort in human history, there is a tendency for activists to become more absorbed in the thrill of chasing down apostates and dissidents in the ranks on particular policy arguments than focusing on the goals that unite them.

But even if we cannot all agree on the utility of setting a particular target date for achieving zero, we can surely agree on the initial series of steps we need to take to start that journey, and in fact to get a very long way down the road compared to where we are today. And if we cannot all agree about how at this stage to best use a draft NWC, we can surely agree that putting intellectual and political energy into creating a really compelling legal framework document of the kind that can serve as the basis for serious intergovernmental negotiations is a hugely useful enterprise.

The crucial task is to get nuclear disarmament back to the centre of the global policy agenda, and to keep that agenda moving forward. This is not, after all, just another difficult policy issue. Nothing less than the fate of this planet of ours hangs on us getting this right. It is not a matter of our children and grandchildren not forgiving us if we get it wrong. It is a matter of whether they will be around at all.

IS THE EUROZONE CRISIS A THREAT TO GLOBAL STABILITY?

Text of a lecture given by the Rt Hon the Lord Lawson of Blaby PC

3rd November 2011

Nigel Lawson, Lord Lawson of Blaby, *after a number of years in journalism, including as editor of The Spectator from 1966-1970, became a Conservative MP in 1974. He served in the Thatcher government from 1979 to 1989 as Financial Secretary to the Treasury, Secretary of State for Energy, and, from 1983, as Chancellor of the Exchequer (Finance Minister), in which capacity he introduced a thoroughgoing programme of tax reform and led the Thatcher government's pioneering privatisation programme. He entered the House of Lords in 1992. In November 2009 he founded a new think-tank, The Global Warming Policy Foundation.*

This is a rather long question with a very short answer: "Yes". However, you may or may not be glad to know that I shall give a longer one. Before I do, there is one rather obvious point which, although obvious, probably needs to be emphasised.

It is true that Europe, and indeed the world, should never have got into the economic mess it is now in. That is not to say that the economic cycle, the alternation of so-called boom and bust, could have been avoided or abolished. That was a delusion believed only by Mr Gordon Brown.

But what we are suffering now is something very different and far worse. And although it should not have happened, now that it has there is no quick and easy exit. Even with the right policies and the right measures – and these may not be forthcoming – it is bound to take time for us to dig ourselves out of the deep hole in which we find ourselves. There is no quick fix.

Meanwhile, what we clearly do need to do is not only to pursue the right policies and the right measures to extricate ourselves as quickly as is practicable, but also to learn the lessons of what has gone wrong so that we are less likely to make the same mistakes in future.

The threat to stability derives not directly from the Eurozone sovereign debt crisis – and I have some experience of sovereign debt crises, since the biggest issue on my plate when I first became Chancellor well over a quarter of a century ago was the Latin American sovereign debt crisis.

It derives rather from the threat to Europe's banking system which has on its books large quantities of impaired – in some cases greatly impaired – Eurozone sovereign debt. The threat, in other words, is of a further phase of banking meltdown: an exacerbation and continuation of the banking meltdown which, for quite other reasons, was at the heart of the recession of 2008-2010, from which we have not yet emerged.

So there are two interconnected but separate issues that need to be analysed, not merely to help us to find a way out of the mess we are in, but also, as I have said, to learn the lessons that will make a repetition less likely.

These are, first, the cause of the global banking meltdown, and second, the cause of the Eurozone disaster.

Before giving my own answer to these questions, let me address the widely held view of so many, including some of the cleverest amongst us, that the heart of the problem is to be found in the current account payments imbalances that characterise the global economy today – and in particular China's massive current account surplus. For I believe this to be largely, if not wholly, mistaken.

Its most recent expression was in the speech given by the Governor of the Bank of England, Sir Mervyn King, in Liverpool a fortnight or so ago. I have the highest regard for Sir Mervyn, whom I have known well for many years, and who has proved an excellent Governor during the most testing time within living memory. But on this issue I believe him to be mistaken.

What he said was this, and I quote:

"What were the causes of the unsustainable build-up of debt in Europe and elsewhere? They lay in the continuing imbalance between those economies running large current account surpluses and those running large current account deficits....Surplus countries, a group which includes three of the world's largest four economies [he was referring to Japan, Germany and China], share a responsibility to respond to our present dilemma by expanding domestic demand."

With great and genuine respect, Mr Governor, I believe you are mistaken – leaving aside the fact that Chinese domestic demand is in fact expanding a good deal faster than either European or American domestic demand, and the Chinese authorities have understandably been concerned about domestic inflation.

This preoccupation with current account imbalances is not new. It was the source of considerable angst during my time as Chancellor in the 1980s, when the problem was not China's surplus – the Chinese economy had not then taken off – but Japan's, which was considered both unnatural and a major threat to global economic health.

The first thing to be said is that, in a world in which there is, happily, freedom of capital movements, it would be extraordinary and wholly unnatural if there were not current account imbalances. For since the overall balance of payments must necessarily balance, if there were to be no current account imbalances there would have to be no capital account imbalances, either. In other words, for each country, capital inflows and capital outflows would need to be precisely the same – a most implausible scenario.

We are living now in what might be termed the second coming of globalisation, the creation to a considerable extent of a single world economy – the first coming having been the remarkably successful half-century between the end of the American Civil War and the outbreak of the First World War, which sadly put an end to it: a period justly dubbed *la belle époque*. During that happy and successful period nobody lost any sleep over the current account of the balance of payments, not least because the figures did not exist.

But it is clear from the huge amount of overseas investment that occurred, notably from the UK and some other European countries into both North and South America, that the current imbalances

must have been substantial and persistent.

Fair enough, some might argue; but the earlier imbalances were thoroughly sound, as they were the counterpart of the richer countries of the world investing in the poorer countries; whereas today it is a case of a poorer country, China, investing in a richer country, the United States, which is perverse. It is hard to see why that should make any difference; but in any event there is nothing perverse about it.

Capital flows across the exchanges, which largely determine the current imbalances, have little or nothing to do with relative wealth. What they do reflect is the pattern of savings and investment opportunities around the world.

There are indeed huge investment opportunities in China, as there are in the United States, too. But whereas Americans have a highly developed consumer culture, and a disinclination to save, China is at a stage in its remarkable economic development where savings have grown and continue to grow massively, in line with the growth of the economy as a whole, whereas a consumer culture has yet to develop. Hence the Chinese savings surplus which spills abroad.

Perhaps a homely domestic example might help.

In the old days when house purchase in the UK was financed by building societies, far and away the largest building society in the country was based not in London but in Halifax – now alas simply the 'H' in the failed Lloyds HBOS banking group.

This was not because the people of Yorkshire were richer than the people of London and the South of England: quite the reverse. But Yorkshire people saved, while Southerners borrowed and spent. So the Halifax Building Society came to dominate the UK housing finance market by channelling savings from the poorer North to the richer South.

That this was not a flow across the exchanges is beside the point.

The huge Chinese savings surplus has been exacerbated both by the great disparity of wealth between the masses and the rich, and by the absence of what we would consider an adequate social safety net.

Not only does a mass consumer culture always take time to develop, but the absence of a welfare state obliges the Chinese masses to save for their own protection

In time, this is likely to change, if only because the Chinese authorities are increasingly fearful of social unrest. A social safety net of some kind will be put in place and a mass consumer culture will gradually develop, as it did in Japan, despite the Japanese policy of subsidising small savings – perhaps starting with overseas tourism, as occurred with Japan.

But it would be surprising if substantial imbalances did not persist for a considerable time. For it to be an object of policy to eliminate them would be absurd.

It is true that it would be highly desirable if China could find the courage and confidence to allow its

exchange rate to float, if only in a managed way; but even if it did there would still be substantial imbalances. It would also, incidentally, be sensible for China to invest its surplus savings more in productive assets around the world and less in Treasury bills and the like, as in time the Japanese did, and as indeed the Chinese are already beginning to do. Whether this will be universally welcomed is another matter. But that should not prove an insuperable obstacle.

In short, the bottom line is that the so-called imbalances are a fact of economic life in a globalised world economy, rather than a dangerous defect that has to be remedied.

Meanwhile, it is true that the huge Chinese current account surplus has unleashed a flood of surplus savings onto the world economy, driving down the cost of money, and encouraging both excessive borrowing in the United States and a number of other countries, and excessive risk-taking in a search for higher yield.

But the ready availability of cheap money is no excuse for unwise borrowing or foolish lending decisions. Nor is the desire for a higher return than is prudently available in prevailing circumstances any excuse for excessive risk-taking, least of all by bankers.

No: the popular view that the root cause of the crisis lies in the greed and folly of all too many bankers (in the broad sense of the term) is essentially correct.

Let me be quite clear. All mankind is flawed, both morally and in other ways. It would indeed be good news if moral standards, in all aspects of life – not just among, but including, bankers – were to rise. But that is not within the gift of policymakers, or of anyone else, I suspect.

There are, however, a number of respects in which the greed and folly of bankers is worse than the greed and folly of the rest of us.

One is, bluntly, that bankers are exposed to greater temptation, in terms of the sums of money that greed and folly might earn them, and in recent years have earned them, than anyone else.

Another is that they have been encouraged in their folly by the spurious comfort of modern finance theory and its mathematical models. But even if modern finance theory were to be jettisoned, as it should be, we would still have the problem of ineradicable greed and folly. And the consequences of greed and folly among bankers are likely to be more serious than the consequences of equal greed and folly among the rest of us.

Moreover, the success of the market economy derives from the fact that greed and folly are kept in check by the disciplines of the marketplace.

The former Chairman of the US Federal Reserve Board, Alan Greenspan, used to believe that this discipline, coupled with basic self-interest, would prevent the excesses that led to the recent banking meltdown. He has been obliged to admit publicly that he was mistaken. To some extent, I suspect, his error was to confuse the individual with the institution. In many, if not in all cases, greed, imprudence and folly were indeed in the self-interest of many of those within the management who were enjoying huge bonuses - paid from the bubble-inflated paper profits that *mark-to-market* accounting allows. But they were not in the interest of the bank as a whole.

What used, in former times, to reconcile the two was a regard for personal reputation. If an individual literally bet the bank, and the bet was lost and the bank with it, his reputation, which mattered a great deal to him, was destroyed; and this was an important inhibiting, and thus prudential, force. But we now, sadly, live in an age in which the acquisition of wealth counts for more than reputation – a cultural change which has greatly increased systemic risk.

Be that as it may, it has long been recognised, at least since the 19th century, that the particularly grave consequences of banking failure, and the consequent need for the authorities to stand ready to help failed banks, implied the need for banks to submit to a form of regulation that is neither necessary nor desirable in the case of other industries.

But the regulatory framework that we had in place, both globally in the shape of Basel 2, and in most countries nationally, clearly failed the test. Indeed, to some extent the complexity of Basel 2 made matters worse.

The more regulations there are, the more ingenuity will be shown in getting round them, or 'gaming' them. And this happened in spades, with the result that, as the system as a whole took on more and more risk, less and less capital appeared to be required to meet the regulatory requirements.

It is a sobering thought that, throughout the recent crisis, hedge funds, which were unregulated, and which had to make their own assessment of risk, in the knowledge that, unlike banks, they would be allowed to fail if they got it wrong, have had fewer casualties than the banks.

So what kind of regulatory framework do we now need to put in place?

That there needs to be a regulatory framework is clear, for the reasons I spelled out earlier. And at its heart we need to ensure that the banking system is adequately capitalised at all times.

But I do not believe it is either practicable or sensible to try and put in place a sophisticated regulatory system which is both flexible enough to deal with all the many complex forms of modern banking, and robust enough to provide the safeguards we need. If we try, it will either be inadequate, or stultify the financial sector with over-regulation – if not both.

What we need is a fundamental structural reform of the banking industry.

So I warmly welcome the fact that that is what the Independent Commission on Banking (Vickers) has recommended, and that the government is committed to implementing its recommendations – notably the so-called 'ring fence' between so-called retail banking and investment banking.

I do, however, have a worry about the ring fence as a substitute for the complete institutional separation, à la Glass-Steagall, which I have been advocating for the best part of three years.

Given the huge pressures and incentives there will be for the management of universal banks to find ways round the ring fence, I fear that the 'ring fence' proposal rests more weight than is prudent on the assumption of sophisticated and effective supervision or regulation. In practice, it is likely that either the regulators will be outsmarted by the hugely better paid and more highly

motivated practitioners, or else that they will be excessively heavy-handed to try and prevent this. Maybe both.

There is, however, another radical proposal which has recently been given a public airing which would address the problem of banking imprudence and usefully buttress the Vickers conclusions, and maybe even address this particular weakness.

I refer to the analysis by the Bank of England's Financial Stability Director, Andrew Haldane, in his excellent Wincott Lecture only last week.

In a nutshell, he argues that banks have got into difficulties by borrowing far too much on far too narrow an equity base. In other words, even before they start creating complex and highly leveraged financial instruments of one kind or another, they are themselves far too highly leveraged. This is motivated to a large extent by the practice of rewarding bank managements, reassured by the warm thought that in the last resort the taxpayer stands behind them, on the basis of the return on equity – wholly contrary, incidentally, to the long-term interests of bank shareholders.

But, as Andy Haldane points out, this has been greatly encouraged by a tax system in which, for the bank, debt interest is tax deductible whereas the cost of equity capital is not. He therefore proposes that we should at least move to a level playing field in which debt interest is no longer tax deductible, if not further.

There is much to be said for this.

But there is, I believe, a variant – which he does not propose – which I believe also has merit.

The Haldane proposal relates to the tax treatment of debt interest for the corporate sector as a whole. An alternative would be to confine it exclusively to those banking groups engaged wholly or partially in ring-fenced activities, where there remains a taxpayer guarantee: explicit in the sense of retail deposits, implicit in the too important to fail sense.

This would give the managements of investment banks an incentive to demerge from universal banking groups, so as to maintain the tax deductibility of bank interest.

Moreover, confining it in this way would in practice eliminate any problem arising from the UK going it alone in a world where, in general, the tax deductibility of debt interest is the norm – although, of course, were such tax deductibility removed it would enable the general rate of Corporation Tax to be correspondingly reduced.

In his last Budget my successor but five as Chancellor, George Osborne, announced his welcome intention of embarking on a programme of tax reform. I strongly commend one or other of these courses to him.

If I have been critical of the bankers, that is in no way to suggest that governments have not been to blame as well. In far too many countries, the system of prudential supervision was badly designed and incompetently operated.

Nowhere was this truer than in this country, where Mr Gordon Brown, when he became Chancellor, lost no time in scrapping the enhanced system of bank supervision I had put in place with the 1987 Banking Act and replacing it with the so-called tripartite system which proved completely dysfunctional and unfit for purpose.

This was particularly culpable in a country like the United Kingdom, with its unique economic dependence, among the major economies of the world, on a strong and healthy banking sector.

But nowhere has the culpability of governments and politicians been greater than over the Eurozone disaster, which threatens banks already weakened by the global recession and banking crisis.

It was of course folly on the part of the banks to take European Monetary Union at face value, to accept uncritically the politicians' prospectus, and to load their balance sheet with dodgy Eurozone sovereign debt on the basis that there was no longer any significant difference between, for example, Germany and Greece. But the architects of the predictable – and indeed predicted – Eurozone disaster were undoubtedly the political leaders responsible for this misbegotten adventure.

It was clear from the start that the Eurozone project would end in tears unless it was accompanied by full fiscal union, which in a democracy requires full political union.

I myself first spelled this out in speech at Chatham House when I was still Chancellor, in January 1989, before the Delors Report, which formed the blueprint for European Monetary Union, had even been published - the first prominent politician to do so as it happens, and I repeated it on a number of occasions subsequently, in which I also argued that a full political union was neither desirable not attainable. So it was doomed from the start.

How, then, did it come to be embarked upon?

In essence, those responsible for European Monetary Union fell into three broad categories.

There were those who regarded it as an article of faith that any transfer of responsibility from the national to the European level must be desirable, and the bigger the transfer the better, heedless of the practical consequences.

There were those who understood that monetary union without fiscal and political union was likely to lead to several member governments engaging in excessive spending and borrowing, but believed (or said they believed) that this could be prevented by a clear rule that no member state that got into difficulties would be bailed out either by any of the others or by the European Union as a whole; with the result that fiscal discipline would in practice be enforced by the financial markets.

But as I and many others pointed out at the time, the much vaunted 'no bail-out' rule was completely lacking in either political or financial market credibility. And so it has proved.

Thirdly, there were those who understood all this, and promoted EMU precisely because they knew full well that it would produce a crisis that could be overcome only by full fiscal and political union – which for them was the objective of the whole exercise.

All three groups acted with culpable irresponsibility; but in the case of the third (and most important) group there is a further item on the charge sheet.

European political union is practicable only if it is the clearly expressed wish of the majority of the peoples of Europe; and that is manifestly not the case. A fundamental contempt for democracy has always been one of the most striking and least attractive characteristics of the European movement. It lies at the very heart of the present, and wholly unresolved, Eurozone crisis.

So where do we go from here?

The ultimate outcome needs to be an orderly abandonment of the whole notion of European Monetary Union. In general, the longer it endures the greater the cost to the economies of the member countries in particular but also to the world as a whole. There are also political costs in seeking to preserve it, ranging from the sort of thing we see today on the streets of Athens to growing resentment among the taxpayers of Germany – so far only very partially reflected in the stance of their political leaders – at being the paymasters of Europe. Not to mention the increasingly divisive nature of the project, between those EU members that are part of the Eurozone and those, like the UK, which very sensibly are not.

But there is a compelling case for buying time, not only to carry out an orderly dissolution of the Eurozone, but also to enable the European banks to strengthen their balance sheets to cope with the inevitable sovereign debt write-downs and defaults.

It is this that provides a justification for last week's flimsy and distinctly sketchy Eurozone agreement, although just how much time it will succeed in buying remains to be seen. And of course the Eurozone leaders have yet to come to terms with the writing on the wall.

Meanwhile, the longer-term lessons need to be learned. Not only does European Monetary Union need to be abandoned, but the European Union needs explicitly to abandon the failed notion of ever-closer union and to agree a full-blown constitution which sets out the entrenched and inalienable competences and responsibilities of the individual member states.

In particular, and more immediately, so far as the UK is concerned, it is clearly unacceptable that the City of London, which as a financial centre is more important than all the other EU financial centres put together, should have to submit to EU regulation based on a majority vote. The present government should make clear that, so far as the UK is concerned, the Luxembourg Compromise still holds good, and that this a classic case for invoking it.

I very much hope that the European Union will reform itself along the lines I have suggested. Should it refuse to do so, then a changed relationship between this country and the EU would have to be the fall-back, along the lines that Switzerland already has. But I hope that will not prove necessary.

A version of this lecture was published in The Spectator on 19th November 2011, entitled 'Surviving the Euro'.

THE COMMONWEALTH: CONVENING AND CONNECTING TO ADD GLOBAL VALUE

Transcript of a lecture given by Mr Kamalesh Sharma

29th November 2011

Kamalesh Sharma, *an Indian diplomat, took office as Commonwealth Secretary-General in 2008 having been appointed by Commonwealth Heads of Government at their meeting in Kampala, Uganda, in November 2007. Mr. Sharma previously served as India's High Commissioner to the United Kingdom, where he was closely involved in Commonwealth activities, serving on the Board of Governors of both the Commonwealth Secretariat and Commonwealth Foundation.*

Thank you very much. Michael, I am delighted you are chairing this.

First of all, you were there at the beginning. You are the inspiration behind Global Strategy Forum and more than that, you have written in such eloquent terms about the Commonwealth. Believe me, your writings and your views are a great inspiration and motivation for me and my team sitting in Marlborough House, because it is not everyone who immediately sees the light on the Commonwealth and it is of course our duty to make them see this institution and this organisation in the light in which I think it deserves to be seen.

I would like to begin with a conversation which I had with the Secretary of the International Chamber of Trade and Commerce about ten years ago. I was talking to her – we were at quite a big meeting – and I was taking issue with the fact that business is not active enough in the interests of the mobilisation of development assistance to developing countries.

And the point I was making was that the Minister concerned very often finds himself or herself alone, because powerful lobbying groups do not normally position themselves behind the need to do this. They are busy serving other ends - there are other ends to pursue and axes to grind. I said, *'Surely, you, as business, have an interest in going to the government at the highest level and showing an interest in development policy, quite unrelated to your business interests?'*

I could not persuade her, but I kept on making the argument and I think I did succeed in persuading many others in the audience. In the end it was a bit polemical and rhetorical, but the question I asked her was this: *'The reason I'm asking you all this is because can you conceive of successful business in an unsuccessful society?'* That was the point I was making. How can you differentiate successful business from society and say that the social agenda, the drinking water, the communications, the education and all that can be left to someone else - governments or Ministries of Development - and you have no concern with it.

She was not from the Commonwealth, but I do not think if I had been speaking to a person in that position from the Commonwealth, I would not have had such a long argument, because one thing which Commonwealth has succeeded brilliantly in doing is to be very clear to internalise what constitutes a successful society and the rounded accomplishment that is needed to get there. It has refused to segment this approach by saying, 'if you did this, that or the other, then you know, you

would be making remarkable progress'. We have realised that progress has to be on a broad front, in every area in a society, to be sustainable and irreversible.

Recently, this was proven in a very interesting way. A couple of weeks ago when I was kindly invited to the Mo Ibrahim Foundation Awards dinner, when the awards were announced, it was revealed that, of the first eight countries who had scored the highest in respect of the very ambitious, very clear benchmarking on good governance, culture of democracy, human rights and the rule of law, seven were from the Commonwealth. In the last ten on these parameters, there was not a single Commonwealth country. Now, the Commonwealth is 19 out of 54 in Africa, and that constitutes about 40% of the states' membership, but this score - it is more than 90%.

What I am trying to argue is this does not happen by accident. This happens over a period of time through a process of sedimentation in our member states, through their meetings, through CHOGMs, through - starting from 1970 in Singapore, of course - a series of values-related documents that we have subscribed to and you start imbibing it and internalising it and acting on it - you still have a very long way to go, all developing countries have a very long way to go. But this is a real story, which I have just mentioned.

In a world which is looking for where the human community in the 21st century is going to settle in terms of an understanding of what constitutes a successful society, there is no other organisation which offers a better template than the Commonwealth. Why? Because whoever you want in an organisation to make it representative, in terms of geographical location, in terms of size, stage of development, religion, people, is there in this organisation.

In fact, I would go to the extent of saying it is not possible, even if it wanted to, for the Commonwealth to be parochial, given its membership. And the more it has progressed in the last 50 years, the more this has been the case. To begin with there were three countries: India, Ceylon (at that time) and Pakistan, who were the founding members, if you like, in 1949. You could argue that this is an old Commonwealth and a South Asian organisation, but it has made itself into a global organisation as it has gone along.

The second point I wish to make is the influence which this fact has had on regions of the world. Now, I have no doubt – I have welcomed many High Commissioners who have taken the time to be here and I am just speculating here - that when the New African Partnership (NEPAD), a historic departure for Africa, was agreed and when these great decisions were taken to adopt a peer review mechanism, that a great locomotive function would have been performed, given they had, at that time, eighteen members of the Commonwealth in Africa who had already done it.

In other words, the ethos of do-ability, which really is the highest form of software which can exist inside the mind of a leader, was already there. If we have done it in that organisation and we have found it eminently desirable to do so in setting out our own stall as to where we want to go as a society, then we can do it here.

A Minister told me in the Pacific that when they did the Biketawa Declaration, it was really quite a simple task, because they just reached out to what they had already done as members of the Commonwealth.

CARICOM is really an overlapping organisation - it is not an accident that as a region, the most formidable records of adhering to democratic norms are in a place like the Caribbean. So you have not only added global value through the software, which is the point I started with, but by also being a model, even if a tacit and an implicit model, for our members to do the same in their own region.

The third global dimension of the Commonwealth is, of course, that we have never fallen into the trap of regarding bringing forward this organisation as an intergovernmental enterprise. One of the quite remarkable post-war decisions in terms of statesmanship was taken in 1965 when the Secretariat was created and when our leader at the time said that we must have a People's Commonwealth as well and that was the Commonwealth Foundation.

I do not know whether the term 'civil society' existed very strongly, even at that point in time. But that is the year in which I joined service and I know we used to call them NGOs. We were quite suspicious of NGOs, because they were constantly telling you the shortfall and deficits and so on, and they were a complete embarrassment to government and there was an issue of how to deal with NGOs. In that climate, for this organisation to say that it was incomplete without the people's dimension, not only that, but the Foundation and the Secretariat has always co-existed with this dimension.

Anyone can see from the last CHOGM in Perth, for instance, the energy which was behind the People's Forum, the Business Forum and the Youth Forum, that this is not just a conference, it is a festival. It is a festival of people who have enormous self-belief in the route they are taking and the way in which they want to go.

There are two points made about the Commonwealth, which always baffle me. The first one is that it is an outmoded, obsolete organisation with older moorings, which somehow manages to survive in the modern world, whereas the truth is that it is just the opposite. In 1949, when the Commonwealth was created, it prevented itself from over-designing itself, from over-prescribing to itself, normally the instinct for most organisations.

What is it we can say about our terms of reference? What can we say about the rules of procedure? What is it we can do? What is it we cannot do? The Commonwealth flies by wire. The Heads meet every two years, they look at the world, they know where the global emergencies are, they know they are heading a global organisation and they know what to do. Nobody ever asks whether it is part of the Commonwealth mandate.

For instance, last time we had a very significant statement on food security, but if you look at what the Commonwealth Secretariat does on food, you would be hard-pressed to point a finger at it. But, propelling the way forward next year and giving the people a template of ambition against which they must be working, this advocacy role has been done brilliantly.

This is what we did, by the way, in the field of climate change in Port of Spain. The one product that came out of Copenhagen, a hard decision, was the one which the Commonwealth placed there, having taken this decision a week earlier - a $30 billion rapid starter fund for the most existentially affected and challenged states in the circumstance of global warming.

So from the very beginning, the way in which we work could not be more contemporary and could not be more modern. When challenged at a point of transition in Africa, we rose to the occasion, after the Cold War, after Harare, through the series of agreements we signed. We were so quick off the starting block when an opportunity was there. There is no organisation which has used the climate, post-Cold War, to greater advantage in many ways than the Commonwealth has done.

Secondly, the point about moving from the old Commonwealth to the new one. This is an extraordinary achievement that you can get together and you can say that we are prepared to value our association, even if in the past there were so many negative and bitter features in it. We are prepared to allow that to evaporate and prepare to distil the commonality which has arisen with our historical association and to build on it and make it into a merit of our association. Where else have you seen this happen? So modern in its thinking, so modern in its approach to work, so contemporary in every way, that I think in the future, we will have to present this organisation as one which is the archetypical or quintessential 21st century organisation in everything it does.

So the Commonwealth is a naturally networking organisation, an organisation of networks which moves freely at various levels, recognising that the delivery of social aims belongs to the whole of society and not simply to leaders who may be in possession of power at a particular point of time.

The point about global value has to be about small states. Part of it is a function of the fact that at least 32 of our states are 1.5 million or less in population; if you look at the states, half of them are small island development states, and micro states, which are part of a new ECOSOC initiative. There are a very large number in our organisation, but it is not enough to say that we think a lot about small states because a lot of them are our members. Look at the culture. This is the only organisation - I am sure, and I have been working in this vineyard for a long time - where it is acknowledged that you may be from a state with a small endowment, a small population, under tremendous pressure, but you are capable of having a global idea.

Global ideas are not the monopoly of the big players in the world simply because they are big. And big ideas do not necessarily have to flow from big countries. It is everybody's right to contribute to the intellectual capital of the world. Young leaders and new leaders are given the freedom to speak more and to be heard. The leaders of small states are heard very attentively and everybody is listening to how the Commonwealth, through this input, can move this huge global good forward.

There is now of course another consideration. You might say that this is excellent, ideologically. We are an ideological organisation - I think we are proud to be an organisation that is so entrenched and so rooted in ideology. But now there is a practical aspect to it, which has become apparent. It was clear to the Commonwealth from the beginning: there is either salvation of the human community as a whole or there is deficit as a whole. You cannot, like the curate's egg, say that parts of it are good.

The consequences of not being able to do that are before you, because in today's global state system, any part which is not doing well becomes like a wound to which the 'uncivil society' attaches itself. There is a lot of talk about the globalisation of civil society, but uncivil society is quicker and smarter in seeing all the opportunities of globalising for itself. In one failed state, you will have a new industry called piracy coming up, in another one, depending on the region where

you are, new marketing and new channels of moving narcotics. In another one, you will have those extremist organisations which the world wants purged from the 21st century - they will find a home, and so on. So what the Commonwealth has been saying all along is being demonstrated in the consequences of not doing it.

We now have, of course, a new point, which is that the old classification, whether you are an LDC or not, is not a permanent one. Any nation can be under stress and can be in freefall. Two years ago the industrial societies were in freefall. You can be a medium-income country in the Caribbean and you can be in freefall because there is no liquidity, you cannot access money and the budgetary pressures are insupportable, because of under-achievement, because of inability to invest in young people, everything.

So, we have worked with institutions on debt, we have worked with the IMF on resilience and the vulnerability index with the World Bank. It is an idea which came from the Commonwealth - the very simple idea of thinking holistically and coherently between your development programmes and your debt programmes. You might think, 'Why did it take so long to think that one out?', but it really came from the Finance Ministers of the Commonwealth for the sake of coherence, and HIPC was then, of course, adopted.

There are many examples, as I think all of you in this audience would know: for instance, migration of skills is a fact (migration is coming back to us in a big way again), but how can we introduce some equity into it, so we have protocols on the migration of health workers and the migration of teachers? How you should not do it in a way that affects the integrity of your health systems and teaching systems and so on?

The vulnerability idea extends not only to vulnerable states. It extends to large sections of the population, particularly young people and women. The oldest youth-related programme in the world of any organisation started in 1974, in recognition of the importance of young people and came from the Commonwealth. We are now building on it. In Perth, a lot of progress was made on this, so the idea of vulnerability and serving our vulnerable populations effectively, particularly youth and women, is something which has long been a strength of the Commonwealth.

And finally, the global value that you add in providing a bridge. When the idea of the G20 arose, we realised immediately in the Secretariat that this was a Commonwealth moment. I wrote an article together with my Francophone counterpart entitled *'The G20 - or the T20?* That is, the Group of 20 or Trustees 20? Are you there because you are happy to be in an expanded, magic circle, or are you there because you have a responsibility towards the rest who are not present at the high table? You have 90% of the world's GDP, but what about the rest who are not there? 90% of the world's countries are out. What about responsibility towards them?

So I wrote, in fact, to all 20 and since then (and I must pay a tribute to Prime Minister Harper of Canada for the encouragement and the push that he has given us), we followed with Korea, we followed with France, to act together with La Francophonie as a bridge to what is now a preoccupation of global leadership. It varies, because last time we were in Canada, we spoke about the need to have a slogan 'Half A Million Midwives', because that was this horrible, scandalous figure coming out of recorded maternal deaths. In fact, the emphasis on maternal health was very, very strong coming out of Canada.

This time we are talking about the pressures on trade, trade financing and ensuring that the trade activity of small, vulnerable states can be preserved. That is one. The other one, which I have touched upon, is this whole idea of growth with resilience.

The third one is financial inclusion. Financial inclusion for those people and for those countries which are out of the orbit as nation states, but also internally in terms of society's financial inclusion.

And the last one and the most important one, perhaps, is giving respectability to the idea of innovative sources of finance. I was at a CPA event this morning where I spoke on the Millennium Development Goals. I was there in the beginning in New York and on the MDGs, the World Bank itself made the point last year that there is a $300 billion shortage in development finance and where is it going to come from? So, in addition to what is happening, the paradigm has to change and to take on board other ways in which development finance can be created.

This is a complex area. There are many elements in it. Not all countries are in favour of all ways of doing it. No country can be forced to do it, but giving respectability to the idea, writing a paper on it and all the points that I have mentioned, making it available to all members, working through the Working Group on Development, and working through the co-chairs of this Working Group in Cape Town, their contributions greatly appreciated - we feel that the Commonwealth can have this global function as a bridge.

There is a big challenge coming out of all this and this is a duty now. You, as largely an insider audience possibly know all this, but why is it not so well known outside? I think that there is a huge responsibility upon us as member states, upon me as Secretary-General, upon the Secretariat, to have a plan which is worthy of the accomplishments and the global wisdom function which this organisation has exercised and continues to exercise, so that the world takes note.

Fortunately (although there are people who say good news is not always news, people are so desperate to look around as to what is happening to this world which can be seen to be positive), I think the moment has come to make this point and together with our new Chair, next year is going to be a very, very busy year, super-charged, turbo-charged, because as I said on the first day of my press conference, the Perth CHOGM was going to be a landmark and a turning point and that is exactly what it turned out to be.

I will just take five minutes on Perth, because I think this is important. First of all I want to pay a tribute to the leadership in Australia, which is so formidably able that many of the results that were forthcoming would have fallen short had that not been the case. So we are very lucky in the Chairmanship that we had and in the Chair which we continue to have for the next two years.

I myself am convinced that looking back, long over the passage of time, more of what happened in the Perth CHOGM will be seen historically as a turning point. Every so often, we have these iconic CHOGMS for one reason or the other - they stick in your memory. Harare obviously, Singapore for another one, Coolum for another one, but Perth is going to be remembered as having really lifted the Commonwealth template to a level which will make all their citizens discontinue the argument which they have making for so long, which is that you are very strong in subscribing to principles, but not so quick in giving teeth to what it is that you have agreed upon.

Now the strength which the Commonwealth has always displayed in undertaking its rule of law and human rights-related work is the complete climate of receptivity, trust, confidence and sensitivity with which it has acted.

In CHOGM I had the opportunity with the permission of the President of the Maldives, to cite his statement, which he made in public actually in CHOGM in the Port of Spain and to me. Someone walked up to him and congratulated him upon being elected the President in the first multi-party election of the Maldives, and he said, *'Why are you congratulating me? You should be congratulating the Commonwealth. The Commonwealth has done this'*. It did so over five years, starting with a suggestion to the then President that, 'I think we need to talk', and then there were three visits by a special envoy to talk. We took it from there, we helped them write the constitution, helped them frame the electoral law and this is where we got to.

There is no other organisation in the world - not even in the ballpark - which can dream of drawing a breath that is so long, which can keep the culture of confidence and trust with the member state for that long, which can come up with this outcome in the way which we did. That is our biggest resource, and now that the member states have agreed to a greater degree of self-scrutiny, this is the basis on which we have to move forward.

This question has now come to CMAG and the Chair and the Secretariat and we will be working on it. Just to recapitulate on what we achieved in Perth, which will be seen as a watershed. It has been agreed as a new template, that as against the past, you can look at unilateral abrogation of constitutions, you can look at the suspension of Parliament or the key democratic institutions, you can look at the postponement of elections without reasonable justification, you can look at systematic denial of political space, you can look at flawed electoral processes, you can look at violation of human rights of the population, you can look at significant restrictions on the media or civil society - and we are ready to talk about it, because in the end, these are the gains which we want for our society.

We rely upon you and CMAG not to be seen any more in a chastising way or an overtly as an institution which is seen as only bringing criticism to its membership, but in a positive, constructive way to encourage and engage with us, whenever the need arises, to take forward this huge Commonwealth cluster of core values.

Another reason why I said it was a 'make or break' CHOGM is of course, partly for CMAG but partly for the EPG, because the EPG report is the only report which covers the 3Ds of the Commonwealth: Democracy, Development and Diversity. It has more than a hundred recommendations. Around a third have been adopted, another two-thirds will be looked at in greater detail, a process is in hand to develop the Charter, and CMAG and the Secretariat is to look at options for dealing with the proposed Commissioner.

So I think the ambitious goal which the EPG set for itself has been realised, but obviously there are financial implications. Many suggestions have to be gone through in greater detail and that process is in motion and should be completed by the Foreign Ministers' Meeting in September. Giving yourself less than a year after this very ambitious result which we had cannot be regarded as excessive.

A credible contribution once again was made by small states, who urged political action on sustainable development through the G20 and Rio+20, who urged political action and practical support on climate change, especially capacity-building and above all, from my point of view, the mandate which we requested, having been to member states and finding that you have to make a recommendatory plan yourself, for us to initiate a new strategic plan as the principal vehicle for providing technical assistance and taking forward this big political agenda that is before us.

We will deepen and work more on all the strengths that the member states have displayed and work on how to lift them up even more globally as an organisation that is a great global good and exercising, as I said, this wisdom function.

Women were given a lot of importance. There was an event inspired by the outgoing Chair of the Commonwealth and the incoming Chair of the Commonwealth, which is the biggest which has ever been seen in CHOGM and I hope it will become an example for future CHOGMs to give the prominence and importance to women which they deserve, even beyond the 'Women As Agents Of Change' slogan which we had this year.

I hope that, moving forward, the food security principles will be seen as a seminal contribution to one of the greatest security threats and crisis points in the world, which may be slumbering, but is always around, like fuel, like finance, like the environment. These principles include co-ordination of regional and global responses; stronger support for government programmes, especially in Africa; practical medium-term measures, especially in agriculture; scaling up nutritional interventions; stronger fisheries and marine resources; better market access and collaboration between international organisations.

I should say that, moving forward, we want to put the technology in place to achieve the goal of the Commonwealth connecting as a huge internet gateway. This was approved two years ago and has been launched now and all the actors of the Commonwealth can now join up. I say that one plus one in cyber space is not two, it is eleven, because best practices, lessons learnt, information data, getting the actors together - this will create a kind of a synergy in problem-solving in the areas which we have before us, which I think will make us an enabler and a facilitator. We do not want to be a bottleneck. Apart from disaster-based management as we do, we also want to set in place 21st century partnership processes.

I think we are at a transition point, a point of flexing, as far as this organisation is concerned. Looking back, we have had many of these points when we have seen the Commonwealth move up the global scale, and this one is one of them. The fact that we possibly do not quite see the historic significance of it right now could be because we are very close to it, but as I said, the more you remove yourself in time, the more significant it is going to look.

I will just end with a statement made by the President of Harvard University a few years ago in Davos. He said, *'All of you sitting here, I hope you realise that what is happening around you, to which you are contributing in some form or another, is more significant than what happened at the time of the Industrial Revolution or the Reformation.'*

This is the degree of flux we are surrounded by - the world finds itself balanced between peril and promise. And this is one organisation which only goes to realising the promise.

2011 IN REVIEW: REFLECTIONS ON REPORTING THE ARAB SPRING

Text of a lecture given by Andrew Wilson

13th December 2011

Andrew Wilson *has presented Sky News at 5 daily since 2007. Prior to this, he has 20 years of experience in Foreign News coverage. Since the fall of the Berlin Wall in 1989, Andrew has covered almost every major conflict around the world, from Kuwait to Bosnia, and from Haiti to Chechnya. He ran three foreign bureaux for Sky: Russia, Jerusalem and Washington. Andrew won international awards for his coverage from all three postings. Since returning to the UK he has presented Sky's Afghan coverage from Helmand Province, the uprising in Burma, the Russian invasion of Georgia, the Egyptian uprising and the Libya conflict from Ajdabiya.*

Thank you so much for your welcome and my sincere thanks also to Global Strategy Forum for inviting me here today. Having been a guest at GSF round-table dinner discussions on any number of interesting issues, I now understand the phrase 'sing for your supper' a little more deeply now!

I am no great scholar or student of Arab affairs. I am not what you might call a Middle East expert and I am well aware that I stand here before an audience of expertise and experience that humbles any of my attempts to add anything extra to this well-argued debate, but I do have some background. I was born in Iraq, I was brought up in Qatar, and of course, as a journalist, I have knocked around the region for a bit. I was the resident correspondent in Jerusalem from 2000–2003, before I moved to Washington for four years and I was based in Russia before that, so I have covered a lot of the stories that lead us to where we are now. In fact, in the days when The American Colony in Jerusalem was a great hotel and we would stay there, I would say that while most of the guests complained about the early morning prayers at 5 o'clock, I would usually ask for a room closer to the minaret.

Whenever you give a talk, especially at Christmas, I suppose rule number one is to tell something of a joke. I will try one. My apologies to Malcolm Rifkind who told it to me, but it is pertinent today.

An Israeli and a Palestinian both went to heaven and met with God and they asked God, *'Do you think there will ever be peace between our two peoples, do you think we'll ever work it out in the end?'* And God said, *'Yes, of course, absolutely'*, and they said, *'Are you sure of this?'* and he said *'Absolutely, I'm sure of it, go ahead, go into heaven'* and as they were going, he said, *'But probably not in my time'!*

Now I have been asked today to talk about the Arab Spring, so let me start with the phrase itself. Just because we are saddled with this phrase 'Arab Spring' which we are now, does not make it any less problematic. Those two words, tight, easy to remember, spawning a number of autumns and winters to follow, 'Arab Spring' has inveigled its way into our lexicon, beat a path to our headlines and now squats happily with full entitlement, owning this moment in history with its brief clever

simplicity. Something positive, something benign, something dare I say patronising, as if a noble rebirth is taking place, to the applause of a western world that has nothing but the best interests of the Arab world at heart.

To me, 'Arab Spring' says something else about us: that the moment we as journalists descend with our cameras and our pencils, we have already decided in each and every one of the civil disturbances in North Africa and the Arabian Peninsula, that we understand who the 'good guys' are and who is going to play the role of demon in our copy. Now, these are historic times – we can all agree that - but it is worth remembering that there is a difference between analysing history and being part of it as it happens. We should consider perhaps, that Henry VIII did not actually know that he was going to have six wives when he married the first time.

And as journalists, it is true, we were covering historic moments this year, but all of us found ourselves, at some point or another, straying into the territory that should have been kept for later. Much like economists nowadays, who are forced by television to abandon their actual trade of explaining past events, to become soothsayers of the future and to start to apportion blame as soon as they can.

Let's start at the beginning of this Arab Spring. When a young Tunisian, Mohamed Bouazizi, killed himself perhaps in anguish, perhaps in protest, who was to know that a population would unite around his death and light fires in Tunisia that we can argue now have spread across the North African coast?

Three things happened at this point. Wise old Middle East commentators immediately started talking about the wind of change blowing eastwards, and warned that Arab dictators should tremble in their boots, the same commentators who had always been critical of the old autocracies in the past. Also, Arab 24-hour news channels, particularly Al Jazeera, were broadcasting the kind of coverage that no one in the Middle East region was remotely used to seeing. And of course the internet jumped to life as well on the issue with all its implications, and a Facebook generation brought its own style of cohesion to the public effort.

For me, my personal experience of this moment of history started in Cairo in two shifts. We worked the protests in Tahrir Square and the streets of the city at the end of January and then our editors grew tired of the expense involved and we came home.

Less than a week later we were back, as things began to unravel much faster than we expected. But even in those few days of being away, how Cairo had changed. Clearing customs was a challenge. We posed as tourists and hid our equipment in our bags. The main road to the city was now too dangerous to use and we had to make endless phone calls to contacts and colleagues to work out an alternative, safe route: roads through the suburbs that were now peppered with community roadblocks, all of which demanded inspection and identification of us, the passengers in the vehicles.

When we got to the centre, the hotels were boarded up, some had killed all their lights and electricity on the lower floors, and the staff welcomed us not with smiles, but with baseball hats and furtively opened doors. By the Wednesday night it was tweeted from London that the Ramses Hilton was dangerous and could be overrun by pro-Mubarak supporters at any time or worse still,

attacked with firebombs.

Well, the streets around the square were filled with gangs, pro- and anti-Mubarak and there were stories doing the rounds, many of them true, of journalists being hooded by the army, driven out of the city to barracks or being dumped on the roadside and there were also stories of journalists being threatened and attacked by the gangs and being accused of being Israeli spies.

And at that point, that was the Wednesday, about half the international press corps upped and left the Ramses, some even had transport sent by their embassies. Many slept that last night before leaving in their clothes, fearful that they might have to up sticks suddenly in the darkness.

But many of us did stay, with long calls to London persuading our managers that this was largely gossip-based and that everything would be fine. Also, it has to be said, many of us collect points from the Hilton chain and not from the Marriott across the river and believe me, this can be a factor: if you have a revolution, think of the points.

Well, most of the journalists that stayed, I have to say, were those of the what you might call longer-toothed variety, but that is not to say that we were not quietly nervous and the ice was broken by one senior correspondent from a worthy British title, who loudly pronounced in the rather glum and quiet hotel coffee shop, *'I think this calls for some British sangfroid, I'm going to the bar.'*

Well, you see, we were caught in the same wild negotiation that was actually unfolding outside. Over that period, President Mubarak had made three televised speeches which, in effect, became the public debate. The first was defiant and condemning, the second conciliatory but still defiant, and the third was when he resigned. And we were in that period between the second and the third.

In Tahrir Square they could sense the weakness and so could the hordes of pro-Mubarak citizens and secret police and they descended on the square to test the protestors' resolve. There were firebombs and stones and the now famous pictures you may remember of the Tahrir Square crowd beating a rhythm on car bonnets and metal barriers all night long to keep their enemies and their countrymen at bay. And at the same time, community groups and medical volunteers were huddled in nearby flats trying to co-ordinate what they might have to do should things get worse and casualties start to rise.

This was history, of course. None of us had the benefit of hindsight. We were simply riding it with others around us and trying to cover it as well. Now for me, we had to move around a lot, obviously, to do our work. I was working with a man called Samir, an old and dear friend, a Palestinian, whom I had first met in Israel in '97 and have worked with ever since. He is optimistic and brave and his advice to me was simple: *'Wear a nice jacket and a blue shirt – look smart, people respect that, no sleeveless vests full of pockets, don't wear combat trousers and big boots, no desert scarves wrapped around the neck, just look like a businessman and they'll leave you alone'*. That was a very good piece of advice, because that is absolutely what happened.

So on the Friday night, we are running the gauntlet of back streets to get to the Egyptian television studio where we would present the teatime news to the UK, when suddenly a first floor window swung open and a man shouted into the street in Arabic. Samir turned to me and said, *'My God, he*

says the boss is gone, the boss is gone!' The street we were in erupted and all I could hear were the other streets around us erupting in line as well, and moments later, like a beacon, the news actually hit Tahrir Square about half a mile down the road and the rest, of course, as we have been discussing, was history.

That night we thought it safe to take our crews away from the balconies and go down onto the street, onto the Corniche, and broadcast our entire 10 o'clock news bulletin down there with the people, in the dark, with Samir, my UK producer Tom and an Egyptian crew. In location terms, it was a bit like New Year's Eve in Trafalgar Square crossed with a Cup Final. I could not see the camera, only the lights, I could not hear London in my ear and I was surrounded by layer upon layer of people crushing forwards. Willing locals had linked arms to create a kind of writhing corridor between me and the camera. It was messy, but it was filled with the moment.

And for half an hour of broadcasting, still one small part of my brain was occupied with the thought that only three hours ago, these streets were hostile and that someone, in a minute, was going to brain me with a coke bottle for being an Israeli spy.

Well, that was Egypt.

A few weeks later - it felt almost immediately, that we had hardly drawn breath - we were crossing the border at Sallum and heading for Tobruk and Benghazi and from the start, how different this was. Even the heart of it was different - there was no talk really of food price inflation, youth unemployment, although Libya is no stranger to these common problems that dominate in the Middle East. No, rather it seemed like it was a planned demonstration that had gone wrong, a demonstration to which Gaddafi's troops had overreacted and started shooting. It was almost as if the dictatorship's fear of Tahrir Square and Tunisia had been the cause, not the momentum of the people themselves, and it was clear also from the start that there was a sectarian element to this that we had not seen before.

'Welcome to Libya. Thank you for your support'. No confusion in Benghazi about whose side it was presumed that we were on. We were shown cells where people had allegedly been walled in, we were shown the scenes of massacres and we were told many stories, but nothing added up as easily as it had done in Egypt and had it not been for the no-fly zone, press coverage could, I suspect, have become a little harder to read and write and probably would have drifted away. But as the tanks approached Benghazi, we, the press, became convinced that a no-fly zone was a must. That became our headline, although I am not sure we were not actually thinking of ourselves a little in that mix.

Libya was like being embedded with an army that did not have any soldiers. At first the rebels cajoled reluctant hoteliers to open up for us free of charge – difficult for them as all their foreign serving and cleaning staff were now fleeing the country. But as the first days turned to weeks and months, bills were eventually presented and the food started to run low.

We followed the rebel forces such as they were, up and down the desert to Ra's Lanuf and Ajdabiya and they were, as we know, shambolic and ill-equipped and there were few results and so our editors in London started to think about the money again. In fact I did become cash-short twice in Benghazi. Both times I was bailed out by a local businessman, educated in England and now a

spokesperson for the TNC.

It is worth knowing that foreign coverage is very, very expensive. It is all cash. A hotel for a team of, say, eight people, two drivers prepared to risk their vehicles, maybe even their safety every day, a local fixer, food, call it $3,500 a day, not to mention the bills back home for the satellite phones and the laptops and the picture feeds ($13 a minute to keep your laptop up when you are out in the field using the satellites).

So on two occasions I needed $10,000 in local currency. Both times, my new friend obliged with a large black plastic bag full of used notes and an account number in Switzerland for Sky to make the appropriate repayment. I am not saying this fine Libyan gentlemen and I went to the same school, but we might have played rugby against each other at some point in our youth.

Libya could not be more different to Egypt. One is an ancient nation state, one a loose collection of sectarian agendas. No wonder the denouement was bloody and savage and no wonder the fine example of Tunisia's new constitution may be a little slower to be imitated out of Tripoli. And yet some of those whom I met in the early days of the uprising and the formation of the fledging TNC impressed me with their thoughtfulness and their visions of how a reformed Libya might look.

But the brutal sacking of Sirte was the other side of the same coin. A pointer, if one were needed, that again, while we float along in the tide of history, we should not be surprised when it becomes clearer just how many scores are waiting to be settled in Libya's deserts and the others beyond, if it comes to that, especially now that everyone in Libya has a gun.

One source in the country recently quoted in The Independent said, *'There is a deep and spreading frenzy particularly amongst some of the youth militia and the Islamists to hunt down anyone associated with the former regime'*. Is this our Arab Spring now? Dictator gone, natural default to free and fair elections, these stories are reported, but not on the front pages anymore and bearing in mind what I said about television newsgathering costs, well, the money is now going to Syria.

Before we leave North Africa, a word about Islamic politics. The North African uprisings were so momentous that news organisations deployed far more than the usual numbers on the story and as time went on, reporters and crews were rotated and fresh teams were sent out, not only from the UK and the US, but France, Italy, Korea, Japan, the entire media world. For many of those, that would have been their first time in the Middle East and from time to time attempts were made to push our buttons that were not exactly straightforward.

Noises, particularly from Washington, that there might be Al Qaeda elements within the protests, but also attempts to demonise the notion of Islamic politics: democracy is okay, but watch out if the Islamist parties get in. Thus far, these appear not to have deserved the headlines they sometimes earned. Ennahda has now won a majority in Tunisia and thus far the message has been inclusive and democratic, especially interesting considering that Tunisia is, for most part, a secular society.

Likewise in Egypt, the internal modernisation process that has taken place within the Muslim Brotherhood suggests quite a different political animal than the one that crossed swords with the regime in the 1960s. I will say this, though, that many of our journalists still, to an extent, buy into, or at least accept automatically, the old Western line that Arab countries, left to their own

devices or that allow the people to decide, will not make rational decisions, that there is something intrinsically undemocratic about Islamic politics. It is a hangover from the argument that the dictator is the only reliable barrier between Western societies and the extremists in the Middle East, and of course, it is also a consequence of the fear of Islamic extremism seeded by the 9/11 attacks and so successfully nurtured by subsequent administrations. 9/11 was, after all, ten years ago.

So let's move eastwards then.

King Abdullah of Jordan now says it might be five years before Egypt is the player in the Arab League that it once was and when we look at the diplomatic responses to Syria and Yemen, it seems that Saudi Arabia and Qatar have moved forward to fill that possibly temporary void.

So while Egypt and Libya lick their wounds to make them heal, what does 'Arab Spring' mean to us all now? As a member of the international media, I can say that perhaps we were a little credulous in our coverage of Libya. Jumping with glee on the unravelling, even the murder, of Colonel Gaddafi, unearthing the horrors of his regime, relishing all the old evidence of Tony Blair coming to dinner and no doubt now we will be steered towards Abdelbaset al-Megrahi and the Libyan Embassy siege once more, especially as the current politics becomes a little dry.

I fear we may also be a little credulous though, when it comes to our coverage of Syria. All-out civil war in Syria will, I believe, have us remember Libya nostalgically as a walk in the park. But so far, our public has only the slimmest of understandings of the Syrian dynamic and why Bashar al-Assad and his Alawite cronies must cling to power. In short, he and those around him have nowhere to go. He, a bit like Henry VIII, had no idea that this was to be his future, but he is in it now.

Certainly the regime will not be expecting much mercy from a Sunni rebellion, which could end up being egged on by an international human rights agenda, but will more likely be fought on sectarian grounds. With Syria cornered in such a way, it is not surprising that it is reluctant to sever its ties with one of its last remaining Shi'a allies, Iran, which we can be sure would be the price for any kind of clemency, should Assad put out feelers, say, to Washington. Let's face it – if you cannot break Iran, you can always start with Syria.

So Iran is part of this Arab Spring. We all know how the West feels about things Iranian, much of which strikes me as a little heavy-handed, but perhaps that is for another day. Also it is worth pointing out the irony that Iran claims to be the inspiration behind the Arab Spring while others would argue that it was the first regime to actually put down its own Spring after the 2009 election, but then nothing is straightforward east of the Gulf.

There are more than a few reports now that the Kingdom of Saudi Arabia has an interest in this Free Syria uprising. And that is plausible when you consider that Saudi troops were deployed in Bahrain, a benign Gulf State where the Arab Spring did not take off and that seems to be taking a particularly hard line now on hospital consultants and doctors for doing their jobs during the protests.

The situation in Syria is already nasty. Militia, soldiers, death squads roaming the streets and foreign journalists cannot get a look in – we have tried. Some of us have had organised, approved trips into Damascus, but frankly no one has learnt much from those and increasingly, intrepid reporters are now getting themselves into cities like Homs, where they are witnessing demonstrations, funerals,

daily shootings and suppression.

One of the first things a woman said to our correspondent Stuart Ramsay when he smuggled into Homs was 'get us a no-fly zone'. Interestingly, and by the way, I thought I would mention this, Stuart was travelling with a new Sky employee, a young man called Matt, Libyan by nationality, brought up in Lewisham, but went back to be with his family in Benghazi when he ran into Sky News and we employed him as a fixer. Now Stuart told me that Matt was a star in Homs wherever they went, and in Beirut also, a real hero, a pin-up boy of a revolution. Everyone wanted to talk to him and celebrate his visit and find out what it felt like to be part of a revolution that succeeded.

Anyhow, as King Abdullah pointed out, this Arab Spring has already changed the web of influence. With Egypt off the top spot, Middle Eastern powers are shifting, and if you look at economic growth, diplomacy, even the World Cup, it looks for now as if the hub and also the link to the international community could now be Saudi and Qatar and with that, their near Gulf neighbours. We had the Doha Round, we had the Doha debates, we had the Gulf Cooperation Council with invitations now out to Jordan and Morocco to join and of course we had the headquarters of Bell Pottinger in the Middle East.

To many now, this could look like the gradual establishment of a new Sunni power base to replace what some might now call the old moderating influence of Egypt, with its American support and cold peace with Israel. To those people also, it may now seem that the old rivalries between the Gulf states and Iran are destined to move more centre stage and be given a little more room to find their feet.

How does that relate to Syria? Well, we, the media, still see the Syrian uprising as a kind of Libya mark 2. That is how we represent it: oppression of a Sunni majority by a broadly speaking Shi'a-linked Alawite elite. For those of us covering the story, we have our demon right there. And given the clampdown by the regime, by and large, we are reporting it all through the eyes of the opposition. Was an air force base near Damascus really stormed by rebels or just struck a glancing blow by a rocket-propelled grenade? Who knows? But unlike Libya which stood or fell alone, Syria could be the joker in a much larger and more fragile house of cards.

Turkey is poised to get involved. Firstly, as a neighbour, disturbed by the noise from next door, but also as an increasingly enthusiastic Muslim state that could find favour with an oppressed Sunni revolution. Turkey may offer breathing space in terms of land and refuge to Free Syria rebels; it may provide more than that. Either way, an Ankara, still upset with Israel, may spot the opportunity to develop a little regional status that it has not previously enjoyed.

And Iran and Iraq, the two big Shi'a nations in the neighbourhood - how do they view the prospects of a possibly brutal and bloody Sunni rebellion in Syria, especially if the hand of Turkey or Saudi Arabia is visible in the winning?

Iran has precious few friends at this moment in time; and Iraq? Well, Iraq is just getting started, having been through the mill and back with the removal of Saddam. Hard for either of them to turn their backs on Syria if it implodes, and if Iran so much as twitches, then we know the party will get crowded and hostile very quickly.

Still, should Syria implode, it is not beyond the realms of our imagination to see Iran switch its efforts and influence to Iraq instead. Exactly the wrong timing for a nation state just starting its rehabilitation.

Ironically, perhaps, because it was always Dick Cheney's greater vision, but Iraq is now approaching its moment of rehabilitation in the region and with that, a possible role as a major player. It has the wealth and the geography and a majority religious influence and with its history as well, it could - sooner rather than later, one fancies - carry the kind of clout that King Abdullah observed was missing now from the Arab League.

How can we know? On that point, I would like to say that Syria is unlikely to go quietly and turmoil from Damascus is unlikely to be a local problem, neatly confined as it was in Libya and indeed Tunisia. But we, the journalists, this time are not dancing in the streets as we did before, we are not floating on this wave of history, we are on the outside and our stories so far are only a version of the event, not the event itself.

Somewhere, of course, that we do have reporters is the State of Israel: what are we hearing from there recently? Well, leaked reports that pre-emptive strikes on Iranian installations might have to be a necessity, that the cold peace with Egypt is turning into more of a cold war, and to wrap it all up, Newt Gingrich thinks that Palestine is a terrorist state that never actually existed.

Now, most of this is leaks coming from the very direction of Benjamin Netanyahu's office, rather from the Prime Minister himself, but we know this is an Israeli leader who believes very much in the 'carry a big stick' approach to living in a dodgy neighbourhood. We also know that he has little enthusiasm for the Peace Process for various reasons, including his own domestic credibility. But these are the classic ingredients for a nervous state if it feels threatened (which is a permanent condition for Israelis) to make a unilateral show of strength.

All of a sudden, are we starting to miss Hosni Mubarak and his reasonable but firm approach to Middle East politics? Well, perhaps not, but my travels this year have left me convinced of the inevitably of what has taken place. The combination of unemployment, international communication through the internet, food prices and limited civil liberties were bound to clash one day with the old way of doing things.

But to sit back and call it a 'spring' is surely naive. And those of us that believe in the Peace Process do hate to bang on about it, but the key still seems to me to lie in Palestinian statehood and self-determination. It is an issue stifled and frozen, but let us not let make the mistake that we did during Oslo of assuming that quiet means acquiescence.

Neutralise that particular issue and you alter the grass-root platforms of Hezbollah and Hamas, a single mandate apparatus. You free the Americans from their obsessive role as Israel's big brother in the region, which gives the Iranians one less thing to complain about and allows Tehran and Washington to maybe organise a few away weekends together. I am talking about something more convincing than a televised wrestling competition, if anyone remembers that little experiment.

We need deals with Iran and the sacking of Britain's embassy in Tehran is the latest sign that all this is still heading away from rapprochement. And with all those old layers peeled away, our vision

might be clearer and the Sunni-Shi'a agendas that we suspect are in there somewhere would be easier to confirm or dismiss. Sounds far-fetched? Well, think of the citizens of Tahrir Square, beating their metal barriers all night long.

With those notions in mind, you can see why it becomes difficult to see the uprisings across the North African coast as simply an Arab Spring, and perhaps goes some way to illustrate my impression that the phrase is inappropriate. I think what happened in Tunisia, Libya and Egypt was one version. I think what happened in Bahrain and has been fairly forcibly avoided in Saudi Arabia is another. And while we are about it, I think the intensity of the multi-pronged war of subversion against Iran, coupled with a laissez-faire international attitude towards the people of Syria is something much more traumatic and potentially dangerous than perhaps we understand yet. But luckily, not just yet.

Merry Christmas.

ARE WE MEETING THE CHALLENGE OF CYBER SECURITY?

The Rt Hon Baroness Neville-Jones DCMG PC

6th February 2012

Pauline Neville-Jones *was a career diplomat from 1963–1996 during which time she served in British Missions in Rhodesia, Singapore, Washington and Bonn. Between 1993 and 1994 she was Chairman of the Joint Intelligence Committee. From 1994 until her retirement, she was Political Director in the Foreign and Commonwealth Office. She was Chairman of Qinetiq Group PLC from 2002-2005. On 2 July 2007, Pauline was appointed Shadow Security Minister and National Security Adviser to the Leader of the Opposition. She took the title of Baroness Neville-Jones of Hutton Roof in the County of Cumbria on entry into the House of Lords in October 2007. In May 2010, Pauline was appointed Minister of State for Security and Government Spokesperson, Home Office. She stepped down from this role in May 2011, when she was appointed Special Representative to Business on Cyber Security.*

Cyber security is one of those subjects which I think people find complex, mystifying, confusing and technical, which, frankly, is a deadly combination. Getting people to focus on something which has all those characteristics is quite hard, and I want to try and convince you of the real importance of doing so.

It is true that it is complex (and I do not think one can avoid the complexity) and it does have technical implications, but part of the problem which is not unique to this sphere, but which is something of a characteristic of modern society, is that policymakers have to deal with subjects in the public interest over which they are not master when it comes to the detail and one can think of many areas where this is true. Cyber is certainly one of them and we are in a situation where the comprehension of our public policymakers of the subject that they are dealing with, is, to put it kindly, variable.

I also want to try to convince you that actually, far from being just technical in its complexity, it is actually highly political in its long-range outcomes and profoundly significant both to the future prosperity of this economy and of the capitalist world generally.

So, those are the fundamental reasons why I think this is an important subject. I am going to talk a bit about the government strategy, after I have said a little bit about context, try and give you some assessment of where I think we are and then just briefly allude to one or two of the issues which I think, long range, are going to continue to pose challenges for us.

I am not going to deal with a great deal of the context, because I hope I am right in thinking that the reason you are here is because you do understand that cyber is a transformative technology, that it has global implications for the balance of power within societies and between societies, and that we see it as an agent of revolutionary political change, in the Middle East clearly, elsewhere too, and of course, we have seen some of the effects in our own streets. The result of this is that at

the government level, cyber produces all sorts of cross-currents and you can label them and I will in just in a moment. But we are up against regimes in the world that seek to suppress inconvenient ideas (which they see as coming from outside), while at the same time, simultaneously sponsoring hacking into trading partners and companies to steal their commercially valuable innovation. This does set up quite a lot of tension in relations with countries of that kind.

Now, you do not need to take it from me, because the Intelligence and Security Committee has identified Russia and China as being the main culprits. There are other countries, which I do not think I need name to this audience, who also have motives of their own and indeed capabilities to engage in this kind of activity at state level.

However, when it comes to just volume (and I am not talking so much necessarily about significance, but volume) of hostile activity and losses to the capitalist world, it is at the criminal scene that we have to direct our attention. We do know that it is taking place in our own high streets and that is not trivial, and particularly not trivial if you take the view, as I think I do, which is that you deal with small crime just as much as you deal with big crime.

But a lot of big crime clearly takes place in hard-to-reach jurisdictions and these people are not just dealing in guns and drugs and so forth and using cyber as an enabler - they are reaching down into the purses of blameless millions who try to engage in modest transactions over the internet and they cream off small sums which, over time, amount to billions. It is an unimaginably large-scale activity.

And finally, among the actors in the scene, there are the 'hacktivists' - the people who appear to think that the public interest is served by hacking into government and corporate systems for the sake of revealing the contents that they have in them. The main effect so far, I think, has been reputational, and some of that reputational effect has been pretty severe.

I suppose you could say that in political terms, these people are challenging the balance that is currently struck between publicly available and privately held data and they do not take the same view as a lot of organised society and certainly government, of the effects of their irresponsibility and of the damage that this sort of hacking causes. I take the view that this is a real threat and we should be tough about it. I do not think this is an amusing activity, which quite a lot of people seem to think it is.

So I think the picture we face is quite daunting and it is long range and it is continuing to grow. This is not a static picture, this is an expanding world of challenge and that is the threat element of it. I was asked to talk about the challenge and the threat is certainly part of the challenge, but it is not the only element of challenge and I will come back to that in a minute.

As I said earlier on, we face cross-currents and I alluded to one of them: the free flow of ideas, but which does not result in property theft; in the same vein, we want law and order, but without the invasion of privacy or the curtailment of freedom of expression; and we want reliable systems which are, nevertheless, readily accessible to a wide range.

So you can see that all of those aims in themselves incorporate tensions. There are things that I am not going to talk much about - though they are certainly things we cannot ignore, I do not think

they are centre stage, so I just want to name two of them.

There is quite a lot of talk at the moment about cyber cold war and authoritarian regimes confronting each other with disagreements about norms of behaviour in cyber space and responsibility for data theft and espionage, and you can certainly see that you can fail to get agreement on one because you have not got agreement on the other. This is a long-range issue, I do not have any doubt about that. My own belief however, is that the really important and urgent issue is to make our own systems secure. If we make our own systems secure, the attack that we confront is likely to have much less effect. So it is the absolute, primary and urgent activity we need to engage in.

Cyber terrorism is another hobby horse that one sees getting talked about. I am not saying that it cannot happen - clearly a lot of terrorism is cyber-assisted and clearly the internet is both a radicalisation instrument and a recruiting agent, I do not think there is any doubt about that. But I think the notion that somehow terrorists are going to invest a lot of effort in actual attack on denial of service as a route to causing trouble to their enemies, is rather less probable than that they will continue to go for the bomb which actually kills people - denial of service does not.

So we have to be a bit discriminating about what we regard as being the real and the immediate threats. As I said, I think we need to focus our energies on how we protect the information systems that we have at our disposal and 80% of attacks - in fact, more like 90% of attacks - are actually related to, or have behind them, some kind of criminal, usually fraudulent, intent.

'Get Safe Online', which is the government tool (which has great utility - it needs a great deal more publicity in my view - and which helps people to make sure that their systems are okay) has calculated that 19 people in this country fall victim to cyber crime every minute. I do not know how they get that figure, but it is certainly quite a dramatic one. I am, I have to say, fairly cautious about any of the figures in this area, because I think our problem is that we do not know what we do not know. But it is very clear that the opportunity cost of cyber insecurity is very high.

If you agree with the McKinsey estimate that something like 23% of UK economic growth in the last five years is attributable to online activity, then you begin to see how important losses then become. There is the Detica figure of £27 billion being lost to the UK economy in 2010 and that figure is disputed. Interestingly, it is disputed by those who say there is double counting in it and therefore the losses are much less, and it is also disputed by people who say it is a gross underestimate, because there is a great deal that we do not know and there is a great deal that is unreported.

Reporting of crime is actually one of our big problems. We do not yet have in this country and we must have it soon and I think it is a priority for the Home Office to institute the single, known, well-organised, Reporting Centre that you and I can ring up and say, 'I've think I've spotted a scam'. In the short term, of course, that will make the crime scene look worse because then we will get a great increase, I suspect, in our knowledge and understanding, and probably some double counting as well of the reported crimes, because normally these things affect more than one person. But at the same time, over time, we will get a more accurate picture and we will then have perhaps an even more daunting view of what we face and what we have to deal with.

As we know, getting convictions is very hard for all the reasons I hardly need go into here, like the

difficulty of attribution (those who know anything about this subject know that you can easily be misled as to who is actually responsible for an attack – I would that say you have to be very certain), the jurisdictional problems, extradition - you can imagine all the difficulties.

So disruption does become a very, very important tool of combatting crime and that in turn involves considerable technical expertise. The police have now been given some resources, but it is a big area where we need as a nation to grow our capability.

The other thing I would say: I mentioned at the beginning that we have this problem of the level of understanding amongst people who are called upon to take important decisions and I mentioned public policymakers, but it is actually also true in companies. I will come to that in a moment, but there is a real problem.

If I might put it this way, we have two kinds of private sector company involved here. We have those actually whose business this is (and they may be in this audience) for whom operating on the internet and the cyber systems are central to their business, who have a lively understanding of the challenge they face as a corporate, and the challenge we face as a country and indeed more globally.

There is a vast swathe however, of corporates who have valuable IP, much more valuable than they understand, which is inadequately protected and which they do not even realise is being stolen, because you do not need actually to empty the cupboard in order to copy what is in it. So they often do not know that they are subject to attack, they usually have to be told by a third party that it has happened to them, they mostly do not discover it for themselves and where, therefore, the level of awareness is nothing like what it needs to be and as a result, of course, action is not being taken. Now this is a very, very serious state of affairs and if it is one thing that I can help to do something about in my present position, I shall regard myself as having done something useful.

So: unawareness. Unawareness, of course, in the general public, but also unawareness in corporates with a valuable IP. It is very, very, very serious.

SMEs (unless they are actually in the business) are also in the same category of, by and large, not understanding the value of the IP that they possess. For small companies, this is also a resource issue. At the moment, I think becoming secure is more expensive than it need be and we ought to be able to do something about systems and assistance and products which enable smaller companies to achieve a higher degree of cyber security than they do at the moment.

And the last thing that I would say is a challenge we face is human behaviour. Despite all the scare stories, despite all the horror stories in the press, people go on doing silly things. They go on doing silly things and careless things. Sins of omission and commission. The latest scandal which we heard about over the weekend between the FBI and the Met appears to have been the result of a silly act.

So human nature is a problem here. Instituting the disciplines (what goes under the grand title of information assurance) inside organisations is another part of the challenge we face: changing human behaviour. People are much more intractable than systems to alter, so I do not regard this as being a simple thing to do, but we really do have to try at all levels in all organisations to make

that a priority.

So, to sum up, I think what the challenge consists of is: certainly stemming the material losses we suffer; it is understanding the public policy issues to which they give rise and there are some very big global ones and there are some much smaller regulatory ones. In the whole world of regulation, the current government is, in my view, rightly reserved about excessive regulation, but down the road, we probably do need to have some regulation, particularly to sort out the conflicting pressures that I alluded to.

At the same time we need to support and facilitate the innovation and indeed, the capacity to do increased levels of business, which the Internet represents and obviously we have to deal with the human aspect.

The government's agenda and that sort of challenge obviously go well beyond what you can possibly do with £650 million or indeed in the space of one Parliament. I would say that at the time we allocated that sum of money, certainly as far as I was concerned and I do not think I was alone in this, I regarded it as a first move. This is only a first move and it is a long agenda. There is going to be much more resource energy and by resource, I mean certainly money resource, but also physical and intellectual attention devoted to this problem over a longer period of time.

One of the things that clearly emerges from what I have just been saying, is that it is classed as a national security issue. It appears in the National Security Strategy, and national security these days is a whole society thing, it is not just government. I do not need to go into that, I am sure.

But what it does mean is that government cannot do it by itself and it is for that reason that the government made the partnership with the private sector the centrepiece to its approach.

I am just going to say briefly a few things about that before I open this discussion up to Q&A.

Why is it important for the private sector?

Well, in the end, national security has actually become the enabler to wealth creation, and that is the central issue that we have to grasp: you do not get the wealth creation that you could otherwise have, if you do not understand the importance of the security element in all of this and have the fundamental underpinning to address it.

The government strategy if you look at it (it is mercifully quite short and it is written in reasonably comprehensible English) really says, first of all that we have got to tackle cyber crime sufficiently vigorously, so that the UK becomes one of the most secure places in the world in which to do business. We need to increase the resilience of our systems to protect our assets in cyber space ('our' being the general collective 'our', both public and private) and there is a third element which I am not going to talk about, certainly now, but I can perhaps do so to some extent later, although I am not a great expert on the external side – there is an ambition on the part of the UK to play a role in helping to shape a safe, stable and vibrant cyber space, that is how it is described. And indeed, one that supports open societies.

I am going to focus on the domestic side and the government is now at the stage of implementing

the policies that need to underpin those three broad aims, the third of which received its initial launch with the London Conference.

If we look at the other two aims, both the crime and the securing or increasing our resilience, what is the role of government in all of this?

Well, first of all, it is to take a lead. I keep on saying that government cannot do it all, but it must take a lead. I think people are entitled to look to government to be taking a lead and to impress upon people the importance that the government itself attaches to this.

Secondly, of course, it has a responsibility to strengthen its own technical systems, both customer facing ones - you and I transact with government, we pay our tax that way; and also its own internal systems, including military systems. I am not going to say much about that, but we have seen developments there: there is now a Joint Command for cyber, there is now the technical centre and the operation centre at Corsham which, in my view, shows considerable promise. There are a lot of legacy systems that need to be strengthened. There is a real task there for the MOD. I think they know what it is, but I do not think any of them would say they think they are yet anything like at the end of it.

We need to maintain the technical excellence of GCHQ. GCHQ is our technical authority. It is actually the organisation upon which we depend for quite a lot of our cyber defences and for giving really good advice to the private sector and I will come back to that. We need to improve information assurance and we need to strengthen the rather modest, to put it mildly, police capability in this area. A lot of that involves co-operative activity between government and private sector and government can do quite a lot, particularly things like promoting accreditation and helping to create the market with things like Kitemarks and above all of course, forming an operational partnership with the private sector.

Many of you will have heard of this so-called 'hub and nodes' system, which is at the moment in its proving stages. It is an experimental concept, which I think is going to prove itself. One of the issues, however, is how scalable it is. Really the deal here is that there is a bilateral exchange between government which is giving information about threats to a company, the company itself feeding in information into the hub about threats to it that it has uncovered, and clearly there is an expectation which has to be justified and has to be acted on that the companies will then, themselves, act on the information and close the vulnerabilities that have been uncovered. That is the deal.

I think over time, clearly the hub and the nodes (that is to say the nodes around which companies in the same industry cluster and should exchange information between themselves) mechanism really has to be owned by the private sector. 'Need to know' is an old, old principle, but 'need to share' information these days is actually equally important and you need to distinguish when you can keep things to yourself and when it is important in the collective interest to reveal information. You can often do it anonymously, but the private sector itself does need to understand that companies need to exchange information between themselves about the threats which are of common significance. If they do not do that, the likelihood of them being tripped up by their supply chain or by another trading partner are just as great because this is a third party activity. Your own systems may be secure, but if somebody's that you are dealing with are not, it is very easy to find yourself

penetrated.

I might say that the double incident, if I can put it that way, is now beginning to become a feature of the scene. That is to say that there is a two-part attack. The first part acts as decoy, while the real attack takes place during the second part. Now, when you have got a highly interlocking set of activities in the private sector, you can see how it is that you can use one part of the relationship to act as a decoy and then another part of the relationship to hone in on the major attack. I do not think that in the end, it is in the long-term interests of industry to be very coy with each about what is going on. They are much more likely to avoid reputational disasters if they help each other. If not, while in the short term you may argue, 'Well, you know, if somebody goes down, it's to my commercial benefit', but actually in the long term, an industry that has a reputation of unreliability is not one where necessarily other participants in it gain. So it is a very important part of the relationship with the private sector.

The other thing the government is trying to do is to get this agenda into the boardrooms of the corporates of this country. It is not nearly senior enough – it is regarded as too technical. The finance director does not have cyber security on his risk register in the way he should. There needs to be auditing and reporting and I do think that the auditing companies can help us here, as indeed can the insurance industry, and that is also quite a big part of addressing the risk that a company faces - upping the status that it needs to have.

One thing I do want to say, which I feel rather passionately about, is that the skills base in this country is wholly inadequate. Michael Gove rightly, in my view, has just swept away the existing ICT course in schools, which was really not more than sort of bumped up PA studies, as in secretarial studies. It was being deserted in droves by children who understood the subject rather better than their teachers. We need to revert to what we were doing in the early days, which is teaching programming. There has to be a wholly new course. There has to be the creation of the perception of a career in this area, which there most certainly is not. The subject is unknown to careers officers in schools and we obviously need to have British graduates in our universities, and not just Chinese.

There is a very, very big agenda there and it is very, very acute because if you have not got the people supplying the talent, how on earth do we deal with all the problems that I have just outlined? So I do regard this as both urgent and vital. And the real priority for government is actually increasing the scale. We are going to have to get some help and I hope the private sector will help, both with actually constructing some of the courses that are needed, because a lot of expertise does lie in that portion of the private sector that understands this subject, and secondly, we need the academics and the professional associations in here.

So this is one thing the government is trying to do: we are setting up a working party to look at all the issues that are involved in there and to get some fix - actually, though I say it is a vital need, we do not know what its dimensions are. How can you actually plan for something if you have no idea of what supply you need and of what kind and of what nature? So there are some very fundamental things to go on here and they are urgent.

And finally, I think that we need do something, obviously, about awareness in the general public.

So, my assessment: we are taking the temperature barely two years in, it is very much a work in progress. The strategy is well-conceived, but implementation is all and we are pretty much at the beginning of that, so it will be quite right to come and look again at this in eighteen months' time.

I do think the Cabinet Office, which is in the lead here, does need to plot some metrics and a timetable for various stages that need to be achieved and they should all get audit progress. If I might say one thing about the government machine, I think the direction is right, but I do not think the speed is nearly great enough. We need much more momentum behind this and one of the ways of doing that is for the gavel to be banged a bit.

The thing that I suppose that I worry about that we have not yet gripped, and do not really have a feel for the dimensions thereof, is the whole question of the skills base. I think that if we have more public understanding of the significance of this, it would of course help. The government would get the necessary support for all the things that we are trying to do and this is a circular thing: do we need something that resembles the 'clunk click' campaign which we all remember about seat belts? This is not a question of obeying the law, but it is a question of acting in your self-interest. We have got somehow to get across the message that cyber security is not antithetical to free expression, but it sure is a necessary accompaniment.

I have not mentioned the Olympics; that is a particular pre-occupation. We need to look after the terrorist angle, but the main threat is actually commercial scams. And they are trying them - people being given false confirmation, tickets, hotel packages which do not exist and so on - so the Monitoring Centre at Canary Wharf is trying very hard, with some success, to ensure the integrity of systems.

And when we have done all this, of course, there is a lot more that we will not have succeeded in doing. I think down the road, we are going to have a debate about legal frameworks for minimum standards. It is a debate that is getting going in the United States. I do not think this country should allow itself to have its concept run from outside, either from the US or the EU.

The EU has just produced a draft directive which, for instance, obliges breach reporting within 24 hours. I have some real question marks in my mind about 24 hours and I want to see the scope of the breach reporting. The Information Commissioner has welcomed it, but even he has said that it is excessively prescriptive in its approach and this is part of the problem - focusing on process instead of focusing on outcomes actually means that you end up with very inflexible legislation that holds back technical innovation. So we have got to get the nature of the regulation we put in place of a kind which enables technical evolution and indeed improvement, to be regarded as being not outside the system but within it.

There are going to be, inevitably, as the lawyers get stuck into this subject (and they are never without a new field in my view) increasingly refined arguments in court where there has been a disaster, about who was liable: was the ISP liable, was the company liable, and in exactly what respect, and was the liability as a result of the contract or was it as a result of the failure of the contract? I think we are into a new world, which is going to keep us going for a good deal of time.

BRITISH COMPETITIVENESS: RESPONDING TO THE RISE OF THE EMERGING POWERS

Text of a lecture given by Jeremy Browne MP

24 April 2012

Jeremy Browne MP *was appointed Minister of State at the Foreign and Commonwealth Office on 14 May 2010, following the formation of the Coalition Government. As Minister of State, he is responsible for the Far East and South East Asia, India and Nepal, Latin America, Australasia and Pacific, Emerging Powers Co-ordination, the Olympics, Human Rights, Public Diplomacy and Drugs and International Crime. He has been the Member of Parliament for Taunton Deane since May 2005.*

This past year, we have been buffeted by international events: the Eurozone crisis, Libya, Syria, and tensions over Iran. These have captured our attention and required robust responses.

But today, I want to talk about developments, which – when the history of the 21st century is written – will be those by which these times are most strongly defined. While we worry rightly about the waves of daily events, we must avoid failing to notice that the tide is also changing. So today I want to explain why I believe that the world is transforming and that we will need to transform ourselves if we are not to be left behind. We have many advantages that will stand us in good stead. But we must beware of complacency. We have to change our mindset. We are not a prosperous, influential state by right. We need to work hard to be successful in the future. We need to compete. And we need to do so on the world stage.

Government's Approach

When this coalition government came to power, we committed to re-orienting Britain's foreign policy. We recognised that the global balance of power is fundamentally shifting – from west to east and from north to south.

Whereas some see this transformation as a threat, we realised that development in the Emerging Powers presents a huge opportunity, not only for the hundreds of millions of people who are being lifted out of poverty, but also for an economy like ours which was built on free trade, inventiveness and a spirit of adventure.

However, this would require us to recalibrate our focus. In the Foreign Office, we are shifting our network east and south. We are creating 50 new jobs in our embassy and consulates in China, 30 in India, and sending more diplomats to dynamic countries like Brazil and Indonesia. We are re-opening embassies in Madagascar, Kyrgyzstan, El Salvador and the Ivory Coast, opening a new consulate in Brazil and setting up new Trade Offices across India.

Britain's diplomatic retreat from parts of the world like Latin America and South East Asia is over. And we have put prosperity at the heart of our activity. Ministers have travelled to every corner of

the globe to promote Great Britain and all we have to offer.

The World Is Changing

My portfolio as a Minister in the Foreign Office covers the majority of the Emerging Powers: China, India and Brazil. But also other major growing forces on the world stage: Mexico, Indonesia, South Korea, Colombia.

The profound changes in the global order are difficult to discern from day-to-day. Incremental transformation is less spectacular than revolutionary transformation. But that does not mean that it is either slow or unspectacular. Anyone visiting the Emerging Powers has a sense that something dramatic is happening.

I have visited Tamil Nadu and Andhra Pradesh, the engine rooms of India, and seen for myself the dynamism and entrepreneurial spirit which has been driving double-digit growth. I have been to Shanghai and Guangzhou and Chengdu, the powerhouses of China's transformation. I have seen how South Korea has gone from poverty to prosperity in less than two generations, and how Brazil has become the sixth biggest economy in the world.

Growth

We are by now familiar with comparisons of relative growth rates between Europe and many Emerging Powers. But we sometimes forget that thanks to the magic of compounded growth, variance in rates of economic progress magnifies over time. Britain's growth at present does not reflect our long-term potential. But say we return to growth at 2.5%; our economy would double in size every 29 years. Turkey, which according to the World Bank grew by 9% in 2010, would see its economy double in size in eight years. The Chinese economy, which grew by 10.4% would double in seven years. Singapore, 14.5% - less than six years.[1]

Demographics

It is not just economic growth that is making the world look a very different place. Demographic change is also having a huge impact. The world's population recently passed the seven billion mark. According to the UN, we are likely to reach the eight billion mark by 2025. Of those extra billion in the world, Asia will account for 600 million, Africa for 350 million and Europe will account for only two million. And demographic changes are not just a guide to long-term trends. Of all the people in the world entering the labour market over the next three years, one in four will be Indian.

Challenges

So a revolution is underway. It is happening right now in front of our very eyes. You might say, sitting comfortably in a great city in an established country: 'So what?' No one expects the world to reach a static equilibrium. It has always changed in the past and we have done just fine. True, but only because we have adapted. We have embraced change. The case I make to you today is that we need to adapt to this new reality if we are to remain just fine. We are going to have to reach out

[1] Data from the World Bank: http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?order=wbapi_data_value_2010+wbapi_data_value+wbapi_data_value-last&sort=desc

even more, beyond our traditional partners in order to make our way in the world.

Already, international institutions are changing to reflect the shift in the global order. A decade ago, the economic High Table accommodated eight heads of state – the G8. Seven of those eight were from North America and Europe.

2008 was the first G20 heads of government meeting. Some of those represented, the Australians and the European Union, are very familiar to us. But the diversity of the rest – Indonesia, South Korea, Brazil, Mexico, Saudi Arabia, Turkey, South Africa, India – requires Britain to forge stronger new alliances. These are the countries with which we now increasingly deal economically and politically.

Over the next 30 years, the world economy is projected to grow from $60 trillion to $200 trillion. That is $140 trillion of new prosperity available to claim in a generation. The opportunities for trade are enormous. It is uncontroversial to suggest that we should seek to win as much of this prosperity as possible. But to take advantage of it, we need to compete, and we need to engage. We need to build new links, new relationships and new partnerships.

Our Advantages

Seeking opportunities in foreign lands to drive prosperity at home is not a new challenge for us. It is something that we have been doing for hundreds of years. Britain has long been a champion of free trade, we have long explored the world beyond our islands and we have long adapted to the changes. That is how we got to our current position in the world.

And while it is right to acknowledge the speed of development in the Emerging Powers, we should not forget the strong fundamental position which Britain enjoys. We have less than one percent of the world's population, but its seventh largest economy. Our language is the global language. We are the only country in the world with membership of the UN Security Council, NATO, the European Union and the Commonwealth. That is a remarkable network of alliances and influence.

Only the United States can rival Britain in terms of global thought leadership. We are home to four of the world's top ten universities and claim the second highest number of Nobel Prize winners. Our inventions and ideas have shaped humanity. And our global thinking reaches far beyond higher education. I would argue that with the Financial Times, the Economist and the BBC we have the most influential newspaper, the most influential current affairs periodical and the most influential broadcaster in the world.

That is not a result of luck or chance. London contains a richer array of academics, specialists, journalists, think tanks and NGOs than any other city. It is the world's financial capital, sitting in between the Americas and Asia, and able to do business with both over the course of the day. Our capital boasts London Fashion Week, the Proms, Wimbledon tennis, Premiership football, the Royal Opera House, the British Museum, and of course the Olympics, where we are looking forward to showcasing the talents and energy that we have to offer.

The point is this: we are starting from a strong position. We have the expertise to exploit new opportunities and continue to compete on the global stage.

Britain kicked off the industrial revolution. We changed the world. But now, with the Emerging Powers revolution, the world is changing. And Britain needs to change with it, because past success is never a reliable guide to future performance.

Exporting to the Emerging Powers

When most people think about the opportunities provided by the Emerging Powers, they think trade. And they are right. But the question is: are we positioned to take advantage of expanding markets abroad?

We can compare the composition of our exports with the composition of exports from three European countries to which we might most easily compare ourselves – France, Germany and Italy – the EU-3. If you scale each of these economies so that they match the UK's economic size, and then take an average of the three, you get a useful benchmark.

Against this benchmark the EU-3 outperforms the UK in exporting goods by about 24%. Not only that, the EU-3 benchmark exports about twice as much as us to China and Brazil, more than twice as much to Turkey and almost three times as much to Russia. Most of our exports go to 'established markets' – such as the European countries, America, Japan and Australia. That explains the now well-rehearsed fact that we export more to Ireland than we do to the BRICs – Brazil, Russia, India and China – combined. I am told that is not actually true, but does hold if you remove Russia from the club.

But the point remains valid: Britain needs to increase its trade with fast-growing economies. Demand for exports like ours in the Emerging Powers is forecast to grow by far more over the next five years than in established markets. In the Eurozone and the United States, this growth is likely to total about 40% and 30% respectively. In Brazil, growth is likely to be over 90%, in India 100%; China, over 120%, and in Russia, nearly 160%.

To answer whether our current reliance on established markets matters, we can go back to our EU-3 benchmark. If Britain maintains its current market share in all markets, in 2015 our exports will be worth about $975 billion. But if we did at least as well as the benchmark EU-3 in all the Emerging Powers between now and 2015, our exports would be worth an extra $84 billion. That's almost 4% of our GDP. If we did at least as well in all the Emerging Powers and the A-12 European accession countries – the emerging Europe – our exports would be worth an extra $154 billion – almost 7% of GDP.

So, does it matter that we export more to Ireland than we do to China, India and Brazil combined? Yes, it does. It makes a difference to the prosperity and well-being of millions of British people.

Europe

I am not arguing that we should be turning away from our traditional partners. They are huge markets. And there is also massive scope for cooperation with them – as the European Project has shown. In terms of exports, negotiating trade agreements with the collective weight of Europe can be hugely advantageous. Of course that will not only benefit Britain, but despite my previous benchmarking against the EU-3, prosperity is never a zero-sum game.

It is estimated that if successful, negotiation of an EU-Japan Economic Partnership Agreement could benefit the UK by €5.8 billion per year.

So the EU can help us to take advantage of growth in Emerging Powers. There are trade agreements on the table with India, Malaysia, Singapore, and many others. If all these deals were concluded, they could be worth €90 billion to Europe's economy. And remember, as a trading bloc, Europe is the largest in the world with an economy and a population bigger than the US. We benefit hugely from our membership of the Single Market.

But it is not complete yet. There are still restrictions in the digital and services markets that need to be addressed. And European regulation can be overbearing and burdensome to business.

At its best, the European Union can enhance the prosperity of all its citizens. At its most restrictive, it hampers our ability to compete with the fast-growing economies. That is why Britain is right to always argue for a confident, outward-looking, free-trading Europe.

Investment in the UK

Our membership of the EU makes Britain additionally attractive as a destination for inward investment. The UK is a springboard into the largest single market in the world. More overseas companies set up their European headquarters in the UK than anywhere else in Europe.

So we have causes for optimism, but not complacency. We cannot expect foreign companies to invest in the UK simply because of our access to Europe, or because their CEO was educated at the London School of Economics, or because of the lure of corporate hospitality at Arsenal. We are competing with other countries for investment and we need to make the business climate in the UK as attractive as possible.

That is why the recent Budget was so focused on increasing global competitiveness. This government is cutting corporation tax down to 22% by 2014 so that we will have the most competitive tax system for business of all the established major economies. We are committed to personal tax rates that are globally competitive. We are cutting income tax to increase the incentive to work for 23 million Britons.

And we are addressing the inadequacies of our physical infrastructure. We are determined to ensure that we have some of the fastest broadband speeds in Europe. We are improving our train connections, upgrading the Underground, tackling motorway bottlenecks and refurbishing our airport terminals. The government is reviewing our aviation needs and building a new high-speed rail connection between our great cities of London, Birmingham and Manchester.

Being globally competitive on both taxation and infrastructure is vital to Britain's future prosperity.

Global Outlook

So there are steps that we can take – and are taking – to make the UK an attractive place for investment. But these will not automatically make our businesses more successful abroad – more successful at selling things, making more successful investments themselves, and making more

successful partnerships. What that requires is a *mindset*.

Britain achieved greatness by being outward-looking, bold and inventive. Our greatness was built on free trade, innovation, adventure and hard work. We continue to benefit from our historical relationships with countries around the globe and we have a diverse and cosmopolitan population.

To succeed today and in the future, we must have the mindset which enabled Britain to succeed before. The world is different, but the benefits of being outward-looking, bold and inventive remain the same as ever. We will never prosper by becoming more inward-looking and parochial.

In a survey done by Chatham House and YouGov, polling suggested that the general public had little interest in the UK strengthening its relationship with the Emerging Powers. Of those asked, only 18% thought we should strengthen relations with Brazil, 19% with India, and 20% with Russia. The number of people who thought that we should weaken our relations with Turkey and Indonesia outnumbered those who thought we should strengthen our relations with them by almost two to one.

But turning our backs on the world, just as globalisation becomes an everyday reality, would be a catastrophic historical mistake. Let me put it this way. My guess is that most British people could not name the capital of Indonesia, and may not know that it is the fourth most populous country on Earth with a stable democracy, and yet on the high streets of Jakarta – *the capital of Indonesia* – you will find people shopping in Debenhams, Topman, Miss Selfridge, Karen Millen and Dorothy Perkins. It is this engagement, and more of it, that is essential to our success. That is why our Prime Minister's visit to Indonesia and other booming Asian economies earlier this month was so important and well-timed.

Last October there was a piece on the Times Higher Education website about another YouGov poll suggesting that one in ten British students had no interest in going overseas – to work, volunteer or even just to visit. The most recent comment on the article read:

> *1 in 10 is fewer than I thought – I would have guessed something like 7 in 10. Who needs the world when there is Great Britain?*

Languages

This attitude is reflected in the percentage of children learning foreign languages at school. In 2001, 75% of students at state comprehensives took a foreign language at GCSE. In 2010, only 40% did. Perhaps if more young people learnt a foreign language then more than one in every 50 British students would study abroad – as is currently the case.

I want young people to grasp the exciting opportunities that exist in the world. I want us to be the most outward-looking country on the planet.

Education

The competitiveness of our education and the opportunities for young people will be a key factor

in determining Britain's future success. We have world famous universities, and some world famous schools. But our educational competitiveness has been falling and levels of educational failure in the country are unacceptable.

Being 20th in literacy and 22nd in numeracy in OECD world rankings of 15 year olds is an under-performance. We pride ourselves on our highly educated, high-skilled, dynamic workforce. But to be a knowledge economy, we have to be a highly knowledgeable country.

In the same OECD ranking, South Korea came out top of the table in both literacy and numeracy. Poland came above us in both fields too. So we should not be surprised that some people in our labour market are struggling to compete with immigrants from Europe.

The answer is not to pull up the drawbridge and pretend that we can isolate ourselves from the outside world. The answer is to raise our game. We need to build strong foundations for the future by improving our education system – as our government is doing. We need to ensure that hard work is rewarded – as our government is doing. We need to make it easier to employ people – as our government is doing. We need to enable companies to flourish – as our government is doing.

And it is essential that Britain tackles its budget deficit and puts our economy on a sustainable footing. Until we eliminate our deficit, our debt and the interest that we pay on it will continue to rise. We have seen the impact of runaway debt on some of our European neighbours. We spend more paying the interest on our government debts than we do on education. So this coalition government remains adamant that our deficit must be reduced.

Standing by our values

The changing economics of the world will also affect the world's politics. We will find ourselves interacting more and more with countries that do not currently hold all the same values as we do. We could come under increasing pressure to compromise our commitment to equality, our respect for human rights, our sanctification of the freedoms that allow each of us to pursue our own conceptions of the good.

But we will stay true to ourselves, not only because I believe that we have a moral obligation to uphold universal human rights, but because in the long run, liberal values will make the world a safer and more prosperous place.

At the recent BRICS summit, it was widely observed that the states spoke in terms of managing differences is as opposed to finding and protecting 'common values' which they considered Euro-centric.

But human rights are not just Western preoccupations. To be on the side of personal freedom is to be on the right side of history. The Arab Spring graphically illustrated that people from all corners of the globe aspire to the rights and freedoms that we espouse. They are universal.

As economies develop around the world, they will need the innovation, entrepreneurship and private sector growth that come from having individual freedoms protected by the rule of law. They will realise that economic growth can create societal tensions that require the pressure valves of

civil and political rights.

Promoting and protecting human rights is not just true to our values. It is essential to ensuring that the new world order which we are moving towards is safe and prosperous for us and our neighbours.

And it is not a challenge that we face alone. The EU can be a massive force for improving human rights standards across the globe. As well as being the world's largest trading bloc, it is also the world's largest aid donor. Collectively we have a powerful ability to be a force for good.

Conclusion

So, let me sum up. The world is going through profound change. Our success in the past was based on our ability to adapt. We are starting from a position of strength. But we must adapt again and do so comprehensively.

We must invest in our future – in our children's education and in our physical infrastructure. We must create space for businesses to thrive and the incentives for people to work hard. We must compete with other major economies for investment from abroad. We must reinvigorate our outlook – recapturing the spirit of the great British explorers, intent on charting new waters and uncovering new opportunities.

But at the same time, we must stand by our values, our commitment to universal freedoms and human rights. These will underpin our long-term security and prosperity.

Change is not optional. It is essential. Stagnation and complacency would be a recipe for decline. Only by embracing change will we be able to benefit from the rise of the Emerging Powers and secure our future prosperity.

AFTER IRAQ AND AFGHANISTAN: THE FUTURE OF US MILITARY STRATEGY?

Transcript of a lecture given by Professor Sir Lawrence Freedman

Monday 14th May 2012

Professor Sir Lawrence Freedman *has been Professor of War Studies at King's College London since 1982 and Vice-Principal since 2003. Elected a Fellow of the British Academy in 1995 and awarded the CBE in 1996, he was appointed Official Historian of the Falklands Campaign in 1997. In June 2009, he was appointed to serve as a member of the Iraq Inquiry, the aim of which is to identify lessons that can be learned from the Iraq conflict. Professor Freedman has written extensively on nuclear strategy and the Cold War, as well as commentating regularly on contemporary security issues.*

My topic is 'American Military Strategy after Iraq and Afghanistan' and Iraq is, obviously as far as the Americans are concerned, in the past tense. Afghanistan is not in the past tense yet. It still has a bit of a way to go, but I think you sense that people's minds are moving beyond it. There is going to be a messy conclusion there: it will not count as a complete defeat, but it will not count as a complete victory either. And thoughts are moving onto the next stage.

Now there is obviously one big difficulty in talking about the future of American military strategy, which is not knowing who the next President is going to be. Given the fact that there seems to be something of a battle for Romney's foreign policy mind between John Bolton on the one hand (whom some of you may remember with happy memories for his grace and charm and moderation) and people like Stephen Hadley on the other, it is not altogether clear exactly how that will come out. I have to say that Romney's statements at the moment, which are basically to declare most people to be an enemy of the United States, are not desperately encouraging. But we will see how that works out because, in a sense, Romney's potential to become elected as President relies on the assumption that he does not really mean what he says or what he has had to say in order to get where he is so far.

So I am going to assume a degree of continuity in American policy because actually a lot of what has been discussed so far, since the Obama administration announced defence cuts and a so-called rebalancing, has not been that controversial, given all the things that are very controversial in American politics. In some ways defence is less controversial than one might expect and I think that is partly because of the legacy of the last administration. The Republicans do not feel necessarily that this is as strong an issue upon which they can make advantage, while Obama, of course, has got the 'I'm the one who got Osama Bin Laden' card to play.

So in curious ways, whereas in the past defence was one of the issues which you would expect to be big in an election year, I am not sure it is in this year, and that possibly tells you something about the American mood and concerns about the nature of their international obligations and what they should do about it.

I want to start by using a comparator and the comparator is post-Vietnam. Vietnam was different. Vietnam (not at the point when the US left, but it did not take that long) was seen as a defeat and I do not think Iraq or Afghanistan will quite be seen in that way - I cannot be sure yet with Afghanistan, but I do not think so.

The US Army, which had had a terrible time in Vietnam, was going through amazing transitions, including the move from being a conscript army to a regular army. Relations had broken down between officers and men, public opinion was not at all supportive, people coming back from Vietnam had a very bad time, and the American military decided to rebuild themselves on the basis of their core mission and the core mission was NATO. In a sense they returned to preparing for a big war against the Warsaw Pact, and it was partly because that was still a strategic imperative - it was wholly warranted by American foreign policy - but at the same time it was also their comfort zone.

The United States Armed Forces are geared to big wars against proper enemies in which they can use full spectrum warfare, if you like. A lot of the ideas and concepts and systems with which we now see the Americans in action derive from that period. It was in the early '70s that you first heard talk of smart weapons. The concept of AirLand Battle introduced a role for the relationship between land and air forces that should have been evident, but had not been so much part of American practice before.

A lot of the concepts first used in 1991 against Iraq in Desert Storm derive from really quite a major period of reorientation of the American armed forces that took place in the 1970s. Now, you have not had quite the same experience in the 2000s, but you have had an experience that has left the United States population, the military, and allies, a bit tired and a bit uncertain about whether they really want to go that route again.

But where is the comfort zone now? What do you do if you do not want to do counter-insurgency any more? To some extent, that has been a question that has been hanging around there for a few years. Now, unlike Vietnam, the first answer was, 'We're going to do counter-insurgency better.' In the 1960s, the American army, the marines, started off trying to go along with what they saw as a politician's enthusiasm for counter-insurgency, but they soon wished to recast Vietnam as an ordinary war. And to some extent, so did the North Vietnamese and so eventually, by the time the North Vietnamese were sending divisions into the south, the Americans were not on the ground any more.

But the idea of counter-insurgency in the '60s got discredited in the military mind. Now, that did not happen in the last decade, because under the leadership of Petraeus and a few people around Petraeus, they found out ways to make a certain sort of counter-insurgency operation work, but it required large-scale insertion of armed forces on the ground. And that is what you sense policymakers on both sides of the Atlantic really do not want to do, if possible, in the future. So although a degree of expertise has now developed in that form of warfare, there is not a lot of enthusiasm for deploying it on a regular basis in the future. You can see that obviously with the Libyan campaign, which was almost going back to where we thought we were going to be in the 1990s or where we ended up in the 1990s. If you want to compare Libya, you do not compare it with Iraq or Afghanistan, you compare it with Kosovo - where we provide the air power and what is going on, on the ground is up to indigenous forces of one sort or another. There are issues about

what you do for those indigenous forces, whether they are really the people you want to support, but it was pretty clear from the start of Libya that what was not going to happen was that American (nor for that matter French and British) forces were going to be deployed on the ground.

So, the starting point is a reluctance to fight counter-insurgency or counterterrorism in that way. Furthermore, there is another way that has been found, which is the use of drones. One of the major changes that has taken place in the conduct of warfare over the last few years (certainly over the last decade, no more than that) is the use of unmanned aerial vehicles, often controlled from some distance away, that take out very specific targets on a quite regular basis.

The follow-up to this spy story that has unaccountably reached the press though it should have been kept secret, about the unfortunately named 'Underpants Bomber', was a drone attack in Yemen, where the boss of the operation was taken out. Now this raises enormous issues which I do not think people are beginning to address yet, of morality, legality and politics, but as far as Obama is concerned, you cannot say it is not effective. And it provides a way by which very specific problems can be addressed, without having to rely on the sort of measures that were taken in 2001 to go after Al Qaeda in Afghanistan.

It is an interesting question - impossible to answer - but if the levels of drone technology and confidence that we now have had been available in 2001, whether that would have been the way that it was done. Remember that Clinton had tried to deal with the Al Qaeda threat by cruise missile attacks in 1998, but these are much more effective than long-range Tomahawks.

So not only is there less interest in putting large-scale forces on the ground to deal with terrorists or insurgencies, but for the particular problem of direct threats to the United States, there seems to be, at the moment, another way of doing things. Now, one can imagine scenarios where that will not seem to be satisfactory, but that is the way I think the mindset is at the moment.

So what then do you do?

Well, along comes China, and China provides an answer to the need for a new focus, because while the United States has been pre-occupied with Iraq and Afghanistan, China has been steadily building up its armed forces, engaged in quite substantial military modernisation and - as serious - has been trying to throw its weight around in the Asia-Pacific region. Therefore, not only is there a supply-led push into Asia-Pacific for the United States (this is the sort of great power balance of power stuff that they feel is an appropriate role), but there is a demand there as well. Local powers in the region want the United States to be there because they see a need to balance, in some way, the growing power of China and to give them some political space in which to assert their own interests.

So the push is there and this leads, I think, to one of the big questions which will be very much a matter for the NATO summit as well, which concerns what was first called the 'pivot' and is now called the 'rebalancing' of the United States in terms of a move from Europe to Asia-Pacific - not, they hasten to say, away from the Middle East. They are very clear that commitments in the Middle East are unchanged and of course there are big issues there that have to be addressed. But it is away from Europe and to Asia-Pacific.

Question one: should the Europeans be worried about this? It seems to me that of all the things

that Europeans have to worry about at the moment, this is quite low down the list. There is a lot that Europe should be worried about, but actually the problems that we have to worry about are, to a large extent, of our own making or else they are not about balance of power in the way that got the United States into Europe in the first place.

Russia under Putin is a difficult and sometimes unpleasant power, but it is not the power that it was and the issues are very much around its periphery. There are issues with Russia, but we are not going back to the 175 divisions of the Warsaw Pact against which you had to have some sort of balance.

By and large, not to be a security concern is a good thing for a part of the world. It is better not to be considered to be dangerous and troublesome than to be dangerous and troublesome. And those who look at the Asia-Pacific region, which I do not think Europeans really do enough, will be aware that there are enormous tensions building up in that part of the world that are really quite dangerous because they do not involve small weak states. In some cases they involve quite large substantial states and quite complex strategic relationships are developing, involving not just China, but India and Japan and Korea, with Australia watching on anxiously as well, and Russia too, plus of course the United States. So it is a very complex set of relationships.

How much in all of this is the rise of China not only an Asia-Pacific question, but a question of a shift in international politics? It is almost a cliché that the economic growth of China has put it in a position where it challenges for what is often described as 'global domination'. Now, you do not have to have that good a memory to recall a very similar statement being made about the Japanese in the late 1980s; and the peak of those statements about Japanese power was followed by a period that really has not completely come to an end, of stagnation in the Japanese economy.

So, being described as the next great power may well be the kiss of death for an economy. I think there are good reasons to be cautious about Chinese economic growth. I am not an economist, but there are a lot of assumptions being made about the ability of China to carry on in the same growth pattern that it has shown. It is already slowing down, the country is facing big environmental issues, demographic issues and enormous political issues at the moment, so I would assume there will actually be a slowdown. But even if there is not, there are enormous differences between the United States and China as major powers.

China does not have two things that the US has. The first thing the United States has, one way or the other, is an appeal that goes well beyond its borders. For better or worse and often with qualification, there is an American way of life, ideology, philosophy, shared in varying degrees with its allies in Europe, that is generally taken seriously.

That is just not the case with China. People are not saying, 'Gosh, China is becoming a major economic power, we'd better read Confucius.' There is not the same ideological outreach and influence that others have. People understand why China is in the position it is: by itself, of course, accounting for a quarter of the world's population it has got enough outreach within to keep it busy, but it does not have that as one of the things going for it. It is viewed and views itself in its international relations in very traditional, realpolitik, often even quite mercantilist, terms.

Secondly, it does not have allies. The closest it gets is North Korea, which is not a great start,

whereas the United States has security relationships of one sort or another with about 70 different states. They are not always close allies, but many are. With its allies, the United States probably accounts for about 75% of world military expenditure. By itself it has accounted for about half - that is now going down, but it is still in a completely different position from China. China does not have those advantages.

The third point one might make after those is why would China want to be a great power anyway? There is an assumption of this sort of global domination notion, that power is something that will allow you to boss everybody around and tell them what to do, but actually, in terms of what great poweredness means in this day and age, it often involves as many responsibilities as entitlements.

To be a great power means having to address issues like Libya, or Syria at the moment, where China often seems to prefer to take a back seat and indicate that if it does not directly affect its national interests, it is nothing to do with China.

China is undoubtedly an important regional power and sees a role for itself there. It has global interests, particularly on the resource side, which can provide a lot of interesting challenges for China and also the countries where it has an interest in reserves, but that does not make it think about itself in terms of the sort of great poweredness that we have seen in the past.

So I think the question of China is an Asia-Pacific issue more than a global issue. It is a serious Asia-Pacific issue and there are questions for the United States. I will just mention two, because I am conscious of the time.

The first is this: in effect what the Americans are doing in meeting the demand from the region is saying, 'Yes, we're here to balance the power of China, and at the same time, we want to have co-operative relations with China' and there is already a tension there. It is a very different relationship to the Cold War relationship with the Soviet Union. Interesting to think how the Cold War would have played out if the United States had owed the Soviet Union the amount of money that it owes China or if Russia had been sending quite as many goods to the United States as China sends to the US. It is a very different sort of relationship which does not lend itself naturally to out and out hostility. The degrees of mutual interest in that relationship are quite serious.

But local powers, local countries, see an opportunity in this, which may be to the good in some instances and may be helpful. Arguably what has been going on in Burma is to some extent the result of the United States taking a greater interest and the Burmese, who felt too dependent upon the Chinese, seeing an opportunity to give themselves a bit of space and even open up to the rest of the world and reform a bit.

But there are big issues in the South China Sea, which we really should not underestimate, where there are hard conflicts of interest between the Vietnamese and the Chinese for example, the Philippines and others, that could lead to trouble and it is an interesting question, no more, as to how much that has been thought through.

The other issue is this: although people have talked about rebalancing, this is not actually about an enormous shift of resources into the Asia-Pacific. The US is cutting its budget. There is a move out of

Europe, but there is not a great move into the Asia-Pacific. This is not a major American build-up.

That too raises questions, and one of the things you can see the Americans doing at the moment is actually starting to think through, 'Well, if we are putting ourselves in a more potentially confrontational position with the Chinese, how well placed are we to do it?' because a lot of American bases in the region are quite close to China and are in missile distance. And so one of the things you can see the Americans doing is looking for basing a bit further away, in Guam and in Darwin, Australia. So that is another question that they also have to address.

Let me conclude. To round this off on questions you raised, Mr. Chairman, on a NATO question and an intervention question.

I think the NATO question, as I have indicated, is not a particularly difficult one. My view of NATO is that it is really useful just by existing, because the most dangerous moments in international affairs are those moments in times of crisis when coalitions are forming, coming together, falling apart. To have your alliance in place saves you a lot of worry at a time of crisis. Russia knows what the situation is in Europe and I do not myself see that that is going to change, so what you want from the NATO summit is an affirmation that it is a good thing that NATO exists.

The difficulty for NATO is that people want more - they want it to be active and bouncing around the world and doing important things. There is not a lot after Afghanistan - I do not think that is going to happen much more. Actually, quite a lot of members of NATO would rather it focused on the border with Russia. So I think it is important that NATO stays boring, but exists. That is all it needs to do.

A much more difficult issue is the intervention issue. During the 1990s, we came to accept that one of things the major Western powers had to do on occasion was intervene for humanitarian reasons in relevant parts of the world. It was not everywhere and anywhere - a lot of the intervention was, as Douglas Hurd will recall, very close to home, in the former Yugoslavia. Some of it was in Africa. But it reflected an assumption that there was a sort of responsibility – it became known as the Responsibility To Protect. Now, I have to say, as somebody who was generally in favour of this development, it seems to me there are enormous limits on how far that is going to be taken at the moment.

I have already mentioned Libya. Libya is a small case, really - a few million in population, a regime on the run - and it almost exhausted us. I think it will come out okay in the end, but this was small beer. People say, 'We did Libya, why not Syria?' Well, Syria is a bigger country and much more complicated and you can see the reluctance to get involved directly. Budgets are tight, preoccupations are much more local and it may be that the 1990s turn out to be an anomaly; and Iraq and Afghanistan turn out to be anomalous.

Thinking about the lessons for the future, maybe the lesson is that the period when Western powers felt strong enough to take on these issues may have passed. It may not be a complete either/or, but we may be moving into a period when, if countries get into trouble, we watch and may get upset, but we do not do very much about it, apart from things at the margins or resolutions at the UN.

And perhaps just a final point. The only reason why I think the Americans may find it harder to

move away from Europe than we might think at the moment is because of the Eurozone crisis. It is a topic for another day, in another lecture, but I really do not think people have cottoned on to just quite how serious this could be.

In security terms, we are all focusing on the economic side, but the developments in Greece last weekend and the weekend before and into this weekend are really quite unnerving and not at all surprising given the pressures that are being put on these societies. There comes a point, if Europe starts to fragment, when actually, we will look again to the United States, as we have done in the past. It is one of the few countries that can broker deals.

If we get a Greek-Turkish problem developing, for example, it is not altogether clear how Western Europe is going to be in a particularly good position to handle it. It is just a marker, but I think we may be at the start of a set of very different types of security issues in Europe, which may require a very different sort of engagement.

And on that, not too cheerful note, I think I will stop.

THE RETURN OF INSECURITY TO EUROPE?

Transcript of a lecture given by Professor Michael Clarke

22nd May 2012

Professor Michael Clarke *is currently the Director General of the Royal United Services Institute. Until July 2007 he was Deputy Vice-Principal and Director of Research Development at King's College London, where he is now also Visiting Professor of Defence Studies. He has been a Guest Fellow at The Brookings Institution, Washington, DC, and a Fellow in Foreign Policy Studies at the Royal Institute of International Affairs in London. He has been a Specialist Adviser to the House of Commons Defence Committee since 1997. In the same year, he was appointed to the Prime Minister's National Security Forum and in 2010 to the Chief of Defence Staff's new Strategic Advisory Group.*

It is always a pleasure to speak to the Global Strategy Forum. It is a great venue and a great group of people. And we always say at RUSI, if you have got the right people in the room, then everything works. If you have not got the right people in the room, it does not matter what else works, it will not essentially work, so I know that this will work.

I am very pleased to speak on this topic, because this is something we have been working on at RUSI. Towards the end of last year, we pulled together our researchers and said, 'Where do we think all this is heading, the insecurities in Europe and so on, and let's do something about it' and we came up with this title: 'The Return of Insecurity to Europe?' That is, is Europe becoming insecure in a way that really matters to us and in what ways does the euro crisis become a security crisis? That is really the question we are posing for ourselves this year. And in a way, I can offer you, if you like, a glance at where we have got in following this line through. It is something we will be doing for the rest of the year and our Research Director, Professor Malcolm Chalmers, is sitting there and it is his responsibility to make something happen on this, so you can talk to him afterwards about what we are doing on it.

But I thought I would begin, if you will indulge me for a moment, with a couple of broader perspectives. I cannot really stop being an academic on these things, even though I spend most of my life as a policy analyst and as a Director. But in terms of broad perspectives, I think there are a few big issues that I just want to mention and then park.

The first issue is that after basically 95 years in which Europe has been defined essentially on an east/west axis – after all, we are only five years away from the centenary of the Russian Revolution - but after generations in which we have thought of Europe as east/west, we will now start to think of it as north/south. That axis has shifted 90 degrees and that is the dynamic that I think we are going to have to cope with in future generations.

The second perspective is that the economic crisis of 2008 was very technocratic until about the middle of last year and it has now become a political crisis. After three and a half years, the technical problems of the global financial crisis and the crisis of the euro and the banking crises,

various aspects of that - this is where it hits the road in political terms. So what we are now facing, certainly in Europe, but in other parts of the world as well, is a political crisis.

The third perspective is that crises are dangerous when they are cumulative. When you think about crisis decision-making, generally speaking, most systems can deal with a crisis; generally speaking, sensible people can. They find it harder to deal with simultaneous crises and they find it very hard to deal with simultaneous cumulative crises, where every crisis makes the next one a bit worse and a bit more complicated and a bit more difficult to conceive of. And so here we are, now looking towards, say, the Greek elections on 17th June. What will Greece decide to do? We might not have until 17th June. Three weeks is now a long time in this crisis and already the Spanish banks are under pressure and there is a sense in which this feels like a very cumulative crisis which may be moving faster than our political processes can really deal with.

I am not trying to offer an analysis of the euro crisis as such, I am not qualified to do so, but I would say this: that in policy terms, when we characterise what we are facing as a difference between a growth policy and an austerity policy, I think we have to be aware, as a policy analyst, that austerity is self-implementing. Growth is not a policy.

Austerity is self-implementing: if you chop the plans that the government is going to spend money on for the next five years, it starts to have an immediate effect, because you have said, 'Right, those are our plans, those are our new plans', so immediately, local authorities and public bodies start to rethink what they are doing. It is self-implementing. You can have an austerity policy, and it starts the moment you announce it. Growth is not a policy. Growth is the outcome of a whole series of other things, so for growth you have to initiate other forms of behaviour which may well produce growth, but they are not guaranteed to do so and it will take some time. There is this asymmetry between austerity, which is effectively self-implementing and growth, which is not. And I think that creates a major problem in trying to understand the way in which this crisis has become cumulative.

And the final general point that I would like to make by way of introduction is what is often called the 'catastrophe wheel', the ways in which systems change, how catastrophes happen, how does system change really happen? It can be demonstrated – I have seen it demonstrated physically, like something out of Blue Peter. If you take a large wheel and a piece of elastic and you attach the elastic to the wheel in an asymmetric way and hold one end and the other end, so you have got a wheel that is under tension from elastic that is stretched across it, but asymmetrically. You can move one end of the elastic quite a lot and the other end will just shiver, and you can move that end a little more and this end will just shiver; and after two or three moves you will move the first end a small amount and then the other end will go and that is the way systems tend to operate in the sense that big changes the system absorbs and more big changes the system absorbs, but then a relatively small change - why does that create such a big movement on the other end? Because the tensions have built up.

And so here we are with Greece, worth less than 2½% of European GDP, in a situation now to break the euro and to make us talk actively now about the 'f' word: federalism. Here is David Cameron saying, 'You've either got to make up or break up'; and Mervyn King, the ex-Governor of the Bank of England, saying that Europe is tearing itself apart, and the Sunday Times this week ran a big editorial saying, *'The only answer is federalism'* - interesting thing for the Sunday Times to come

out and editorialise about, we will see. The Financial Times, which is certainly not known for its sensationalism, is actively speaking about the possibilities of civil war in Greece and civil dislocation of a major sort.

We seem to be at the moment where a relatively small part of the European system - Greece, 2½% of the European GDP, is that small movement on one end of the elastic which is leveraging a big movement on the other, when the other end was actually just shivering in the past.

Those are some general observations about the situation that we are in. My basic point is this: whether or not the euro is saved, we are looking at austerity in southern Europe, a long-term crisis of austerity whichever way it goes. As I say, I would be happy to talk about my views on the euro (everyone has got their own views on the euro and what it will mean) but in a long-term strategic sense, if the euro is saved, almost certainly it will be saved because Germany creates a north European zone in which the euro is protected and we will go back to something like the original six or seven or 12 members of the EU, but more like the original six, with a tighter fiscal union and where that will go will be an interesting question. Either way, that will create a north/south problem.

If the euro is saved by Germany paying out and simply creating more of the same to buy us time, three or four or five years of time, that can only happen on the basis of even more continuing austerity in the south. And if the euro is not saved, then we are looking at a major structural crisis across European economies in which the south will be extremely badly hit.

Whichever way you look towards the future of the euro, we are looking at severe austerity in southern Europe. And so consider now again the case of Greece. The Greek stock market has lost 80% of its value already, wages have been cut by 35%, pensions have been cut by 30%, youth unemployment among the under 25s is 54%. That is already, and already Greece is unsustainable. So without being a micro economist, one looks at these trends and you do not have to be a determinist to see what is likely to happen next.

If you look at unemployment figures across southern Europe, I said that Greece has an official unemployment rate across the board of 22%, but 54% among the under-25s: that is the critical figure, the under-25s. 54% among them.

Spain has an unemployment rate of 24%, but 48% among the under-25s. Portugal has an unemployment rate of 15%, but 34% among the youth. Italy has an unemployment rate of 10%, which is just about the average for the European Union, but 30% of the under-25s. And in case you were wondering, the United Kingdom unemployment rate is 8.2%, which is below the European average of 10.2%, but 22% among the under-25s, which is nothing to be proud of.

But those basic statistics are extraordinarily powerful, it seems to me, in thinking about what is going to happen next. According to Eurobarometer, almost 25% of the EU's population now lives in what is classed as either poverty or social exclusion. Almost 25%. Almost all of that 25% is in southern Europe. According to Eurobarometer, 80% of the European Union's population believe that they have got significantly worse off in the last year and almost 40% of them - 37% - believe that they will get even more worse off in the next year. Now that may not turn out to be true, but that is what they believe and that is an important factor.

So what we are looking at, whichever way you cut it, is severe austerity in southern Europe and the other side of it, I think, is acrimony among the north European countries. In northern Europe, we are trying to preserve fragile recoveries, we are in some contention over policies, over this dichotomy between growth and austerity and we are now raising questions (witness what I mentioned about the Sunday Times and certainly some of the German newspapers) over the future of the European Union. What should the European Union look like? How can it cope with this crisis that is arising? So this is a very dramatic moment and this is going to be a really dramatic year for Europe and the EU. Now all of that is by way of overall picture.

The question we ask ourselves in RUSI is, 'Well, what does this mean for security? In what respect might all of that translate into a security crisis?' This is where the question mark comes in, the return of insecurity to Europe? Our present thinking is that this is certainly going to translate into quite a lot of human insecurity issues in a number of ways. Let me just outline them and offer you the headlines.

The first way is this: there is a series of crises for governments, but that is likely to become a crisis of governance. A number of governments have suffered. Nine governments have fallen in the Eurozone and that in itself speaks of some lack of continuity. Ireland, Finland, Portugal, Slovenia, Slovakia, Spain, Greece, Italy and the Netherlands have all had their governments removed, mainly on Eurozone issues. You could include maybe France as a tenth (that may or may not have been concerned with the Eurozone, but certainly was related to it in some way) and you could add Denmark, so maybe eleven governments have, if you like, fallen as a result of the euro crisis.

And there are parliamentary elections coming up in the next 12 months in France, Greece, Austria, Netherlands, Slovenia, Italy, Germany and the Irish referendum, of course, on 31st May, so there are seven or eight more sets of elections which are going to be fundamentally affected by the Eurozone crisis.

Now, in itself, you could say, 'Well, that's normal, governments rise and fall'. Of course governments will fall if there is an external crisis, that is fine, but look at what is happening in terms of the way electorates are voting for centre parties - they are not. The rise of extremist parties, ultra left and ultra right, is pretty dramatic. Golden Dawn in Greece has polled 24%, while the radical left Syriza has also polled 24% - ultra right and ultra left. In Italy, you can see the rise of extremist parties of both left and right, and right through to the National Front in France and Marine Le Pen. All of that is significant, not because it is undemocratic, but because it suggests a problem of a crisis of governance and there are little snippets that we are trying to pick up more on from the commercial world that I find extremely interesting.

Dixons, who own Currys and PC World, have a lot of outlets in Greece, known as Kotsovolos, and Dixons have taken extra measures to protect their stock, because they believe their shops will be smashed into. They believe that riots will begin and that they will have to protect their stocks, because when riots begin, everyone goes for the PC shops, of course they do - they do not go for the ironmongers, they go for mobile phones and PCs. And so Dixons have already adopted a series of measures and we are trying to find out who else has been doing this, because a lot of the retailers have got really quite good intelligence on what they think is likely to take place.

And the danger is, just as with other forms of political action, if there is violence in one country,

it is more likely to be contagious to others if they find themselves in similar situations. So the first problem of human insecurity that we are looking at is whether the crisis of government becomes a crisis of governance in terms of disobedience, of people simply disobeying the law. There is quite a lot of evidence of people jumping over the barriers in metro stations in Greece and the staff do not take any notice. The same has been happening in Spain - that sense of the breaking down of the day-to-day rules is quite advanced.

A second aspect is the possibility of uncontrolled migration. If the south of Europe is going to be, in the long term, in a situation of austerity, then there will uncontrolled migration from south to north. The National Statistics Institute estimates that half a million Spanish every year will leave the country between now and 2020 at the very least, so you are talking about four or five million people moving and almost all of those are likely to move north, not south.

Within the northern countries, of course, that causes problems. People always say there are too many immigrants and that immigrants contribute to our economic problems. People always say that – it is unfortunately a rather ungenerous human attitude - but the people who say that now are up in the high 60 and 70 per cents. If you look at the United Kingdom, Belgium, Italy, Spain, you have got 67%-68% of the population saying 'too many immigrants, it's a problem for our national economy'. Those rejectionist figures are becoming dramatic.

So there will be, I think, uncontrolled migration from south to north. There is also evidence of migration from the Middle East and Asia into Europe, as the turmoil in the Middle East unfolds. Evros in north eastern Greece is where Greece abuts onto Turkey and to Asia and in Evros, there has been a 20% increase per annum of illegal immigration (it is very difficult even to measure it) and 75% of all illegal immigrants in the EU come in via Greece, quite a lot of them through that particular area.

There is not that much that can be done even if Frontex (the frontier organisation) is sent more officers to help Greek officials, but nobody pretends that it is doing more than stemming quite a big tide. Again those numbers in absolute terms are not huge, but the effect that they can have politically will be quite big in a volatile situation.

The Schengen Agreement is fraying at the edges in lots of ways. The European Union Commission is looking at it because they need to. Remember that the Netherlands in January this year installed cameras on their borders, which is not technically illegal - they said they just wanted to photograph people coming across. Denmark threatened to reintroduce booths on their border areas; they did not, but they kept threatening to. France and Italy were in a series of rows about groups of Turkish and Asian immigrants who were given visas and were on their way into France and France closed their border for a while. Sarkozy threatened to re-work the whole Schengen arrangement. It is under some pressure, we will see what happens, but it is something that is worth keeping an eye on.

Linked to that, the third issue is crime: serious organised crime. Domestic crime - burglary, robbery and fraud - by and large shows evidence of stability across most main European states. But transnational crime - trafficking, international organised crime, gang warfare, drugs, narcotics - all of that has increased a lot and keeps on increasing. Now that would happen whether Europe was stable or not. It is just in the nature of Europe as a 380 million market with fairly low borders, so

it would happen anyway, but it is expected that this crisis will give a boost to international crime. I have not got any figures on that at the moment, but we are looking at that to see if we can see any evidence of it. There may or may not be, but our guess is that where there are greater disparities between south and north, it will increase the potential profits of trafficking from south to north, smuggling and so on. If you have got great disparity in the real prices of goods and people in two parts of the same territory, then it is likely that that will increase the incentives to criminal activity.

Fourth: what goes along with that is terrorism. Terrorist groups and criminal groups are not the same, but they do interact in a series of figures of eight, they do come together. If terrorist groups and criminal groups stay together for too long, the terrorists just become criminals. The criminality takes them over, but they do interact in lots of ways - I always call it a figure of eight relationship. The fact that international crime can be expected to increase in Europe is likely to create easier transmission mechanisms for terrorism, both for the flow of people and for the use of criminal activities to fund or to lubricate terrorist organisations.

As far as terrorism goes, we have seen the evolution of Al Qaeda - this has been remarked on many, many times and we do quite a lot of work on this - and how Al Qaeda has re-formed in a different sort of way as a movement rather than as a group or even network of networks, certainly in Yemen, in Somalia, increasingly throughout East Africa and there are elements of Al Qaeda-related groups in the Boko Haram group operating in Nigeria. That evolution actually puts more pressure on groups in North Africa who were out of this picture ten years ago, but they seem to be coming back into the picture as the Afghan/Pakistan border, in a sense, eases out of the picture a little bit.

The insurgencies across the Middle East. Our security people say quite seriously that this is happening on our doorstep, there is not much we can do about it and it is likely to throw up a lot of unpredictable factors and that is said both on and off the record by a number of security analysts and one or two security chiefs. It is not easy.

When you look at Europol statistics on terrorism, it shows quite an increase: about a 15% increase in terrorist activity across Europe. Most of it is not Al Qaeda-related, most of it is related to separatist movements, to other world problems, as it were, being imported into Europe.

What we can see, however, is the distinct possibility of international crime providing an easier transmission mechanism for terrorist tensions elsewhere in the world and in other parts of Europe. So what we are looking for is either the possibilities of or the incidences of direct attack - that problems in Syria, Lebanon or wherever we might now see them are translated directly to terrorist attacks on Western countries and Western targets, or more likely, that they affect our own domestic communities from those countries, so they begin to affect our communities from North Africa or our communities from Nigeria, or from wherever it might be. So far, there is not much evidence of that, but we will see. But certainly an increase in criminality in Europe is not likely to be bad for terrorism. It is actually likely to be good for the terrorists because it will create an easier area for terrorist groups to operate and move around.

The fifth element is unaddressed crises. This is a slightly more abstract point, but I think it is an important one. Europe is never short of crises. The Kosovo issue is still not resolved between Serbia and Kosovo and Serbia is not at the moment very inclined to take a different view of that. If there

is a civil conflict in Greece, if Greece really does suffer a real crisis of governance, then that could be expected to be replicated in instability in other parts of the eastern Mediterranean and possibly in Cyprus.

The magnetism that the EU has exerted for 20 or 30 years looks as if it may be wearing off. The desire to enter the EU and the desire to become part of this family was a very powerful magnet, but it is wearing off. I think that history will judge the EU very creditably for the effect it has had in the transition away from the Cold War. It could have been an awful lot worse than it has been in Europe and a lot of that is down to the magnetism that the EU exerted to say 'if you want to join this club, you need to settle that, you need to do this, you need to think in these terms'. But now that magnetism may be wearing off and the Europeans, particularly the north Europeans, may be going into a period of real introspection. If that is the case, then I think the possibility of crises again becoming contagious, being able to run out of hand or certainly further away from us than we would have let them two years ago without trying to exert some influence over them, is quite great.

I think too that there may be less ability among the Europeans and less willingness to offer reassurance to our other partners who feel differently about Russia to the way we feel. We are looking at a Russia, which certainly under another few years of Putin's influence, will be muscular in its attitude. I do not think it will be particularly strong, I do not think Putin personally is taking Russia anywhere important from our point of our view, I do not think it is threatening, but it is a difficult partner and it is an edgy partner which has some right to special consideration and special treatment, but it is very difficult to know how we interpret that.

I think the relationship between Russia and some of its former republics will be at least as sensitive in the next five years as it has in the last five years and there is less weight, if you like, less magnetism in Europe to provide reassurance about that. I do not think we can reassure some of our friends about where the red lines should be. It is often the case that we always say that the Russian government respects red lines. They do respect red lines, but they do not respect you telling them where red lines are, you have to demonstrate it. If you demonstrate where the red lines are, that is fine, but in that case then we need to do that.

Which brings me to the final point here: NATO.

I think that what is being discussed in Chicago at the moment has less and less relevance to what is probably going to be going on in Europe in the next few years. I suspect - and this is a pure guess now - that NATO will end up as a smaller core of countries that do take smart defence relatively seriously, that do try to increase their defence capabilities more collaboratively. There are all sorts of useful things - they are not going to create a huge difference, but they are useful - and I think that there is a group of core countries for whom NATO is very important, who will work very hard to keep NATO alive as a going concern, as a military organisation.

But increasingly I think other members of NATO will actually end up re-nationalising their forces, because they will need them for other things. I think they will stop thinking of their forces in terms of NATO standards, of transparency and so on and I think they will start using them as border guards and as forces to do something where they need a certain amount of armed force or muscle. That is a guess. I offer it to you as a speculative idea, but I think that just as the EU is going for a north/

south division, I suspect NATO is going for a core/periphery sort of structure in reality, whatever is said in Chicago, and I think that is something that is worth thinking through.

Two final points.

One is: what about the international response to all of this? The United States is not particularly interested in European security any more. The US is very interested in the European economy – it is often said that the one person who can really defeat Obama in November is Mrs Merkel and that if she saves the euro and if the euro is still a going concern by then, then he can win the election and if she does not save the euro, if there is a real crisis between now and then, then nothing Obama does will give him the economic clout to win the election. We will see.

The United States is extremely interested in the European economy, but where that economic crisis becomes a security crisis, all the indications are that the United States regards this as our backyard. I think we saw that in the later stages of the Bosnia crisis back in 1995, we certainly saw it in Libya - the United States taking a really rather different view of European security to the sort of view that we have lived with for 40 odd years and Obama's so-called 'pivot' to the Pacific is not all rhetoric, it does seem to me to reflect a long-term reality which we have to take seriously.

I am not saying that the United States is not interested in Europe, but on security issues we are on our own. Unless the United States' global interests are genuinely threatened by something happening in Europe, we are on our own. And I think there will be a lot of American exasperation at the Europeans, partly because they find Europe uniquely difficult to understand and they just find it irritating that 380 odd million people cannot so organise their affairs better than we seem to be able to do.

I think Europe will play relatively little role in the next few years in what happens in the Mediterranean and the Middle East. Europe is not in a good place to be an actor in world politics. I would like to be wrong about that, but it seems to me that this crisis is on the verge of making us very, very introspective and I think our East Asian partners will be pretty angry at Europe because of the economic fallout that they will foresee.

All of this will create a battle of the narratives. It is a very fashionable word now, 'narrative' - everything is a narrative. A narrative is just a story and stories are ways of linking up events into a story that you choose to believe. We link up a dozen events and call it whatever - the Growth of the British Empire or the Origins of the Second World War or the End of the Cold War, whatever it might be. We link up events and we choose to assume that there is a line of causation between lots of events and we say, 'Yes, that's the story' and we choose to believe it.

If we did not choose to believe it, it is actually quite easy to deconstruct it and create a different line of causation, so narratives are just stories about events which we choose to believe and our narratives so far have started to break down in Europe and I think we are in for a new battle of the narratives. Who is to blame for all of this? What is the cause of all of this? The demagogues will use Twitter and Facebook just as easily as the democrats and I think we are witnessing a battle of the narratives - people recasting the story of what Europe is, what it can be, and what has created the situation in which we find ourselves. And I think it will be very difficult to hang on to those things which we regard as politically important in that battle of the narratives.

And my final point. Of course, people say, 'Are you talking about a 1930s scenario? When you talk about insecurity in Europe, are we talking about the precursor to the 1930s?' I have to say that on the economic side, it does not look very good. I was looking at some of the figures of the recessions. The 1930–1934 recession lasted four years. After 48 months, the global GDP was back to zero - they climbed back to where they were in four years. The 1990-1993 recession by definition lasted 36 months - three years and they were back to zero.

This recession started in 2008 and we have lost about 8% of global GDP. We are back to about -4%, so we are about halfway back after four years. It is historically the case that this recession is likely to be quite a bit longer than the recession of the early '30s and the recession of the 1990s and for that reason, I think we will put this down in our narratives as a crisis of modern capitalism. I think that is the way it is going to go down. So that is not very encouraging, but politically we are in a completely different place to the place we were in during the 1930s. The nature of the state is different, post-modern politics are different, there are different ways of seeing society. And I think our expectations are different.

Niall Ferguson had some material which was in the Sunday Times this week where he argued this point. He said that for all of the gloom, we would not go back to a 1930s world and I think the point I took from that is because our whole mentality is different. We have got our big, big problems in Europe, but we do not look at the world in the way that people in the 1930s looked at the world and looked at the future of politics, if only because there is no '-ism' to take over. The only 'ism' of the modern world is pessimism – that is the only one we have got and we are stuck with it.

So my conclusion is that we are a bit like the old First World War cartoon Old Bill, sitting in his shell hole and somebody else is sitting in the hole with him and he says, 'If you know of a better hole, go to it!' Well, that is the situation we are in. We do not know what the alternative will be. We are in a hole and we do not know of a better hole, so we are going to sit here. But this hole is getting wetter and deeper. Somebody once said to me that European politics is always like water in a pool - it chops around and it looks very exciting and new, but at the end of the day it settles down and it is the same amount of water there.

That may not now be the case, this thing we took for granted for more than two generations, that Europe, for all its rows, was somehow basically stable. You could rely on Europe to be prosperous, peaceful and basically stable, and even though we argue a lot, it is fine. That actually may be a reality which is wearing off and it may be that Europe will not feel very stable in the coming years and we do not have many policy instruments at the moment to deal with it.

So that is my sense of what is worth researching; and as we go forward with this research, I hope that we might come up with some slightly more optimistic conclusions, but at the moment they do not look very good.

DELIVERING SECURITY IN AN AGE OF AUSTERITY

Text of a lecture given by Admiral Sir Mark Stanhope GCB OBE ADC

19th June 2012

Admiral Sir Mark Stanhope *is the First Sea Lord and Chief of Naval Staff, a position he took up in July 2009. He is the Royal Navy's professional head and Chairman of the Navy Board. He is responsible to the Secretary of State for the fighting effectiveness, efficiency and morale of the Naval Service, and as a member of the Defence Council supports the Secretary of State in the management and direction of the Armed Forces through prerogative and statutory powers. Joining the Royal Navy in 1970, his career has included command of submarines and surface ships as well as broad experience in Whitehall and the NATO Alliance.*

Thank you, Lord Lothian, for your kind introduction.

Future Security Environment

Perhaps I might begin by answering a question that I am often asked, *'What form will our future global security environment take?'* A question that many here will be familiar with. For understanding our future environment is the first step to establishing how – particularly in these straitened times – we might wish to shape it and how we might have to engage with it. For me, I believe it will be an environment that is – as it always has been – dynamic. One that is complex, multi-dimensional and uncertain.

It will be an environment in which wealth and opportunity will increasingly be in the hands of the minority. Less equitably distributed. An environment in which competition for scarce resources will continue to intensify. An environment which – largely because the conveyor belts of globalisation are accelerating us closer together – will lead to nation states' economic, political and security interests being affected, both more rapidly and more unpredictably by world events. Events over which we shall have little direct control.

Indeed, who would have anticipated the sweep of insecurity across the Maghreb and Levant?

Who would have thought that the global economic crisis would acquire such magnitude? And start to raise issues of national security and alliance solidarity.

And reflect too, for a moment, upon the kaleidoscope of world events over the last 12 months:
- the crisis in Libya;
- the massacre in Norway;
- famine and piracy around the Horn of Africa;
- the earthquake in Turkey last October;
- the Iranian nuclear challenge;
- the rise in the flow of narcotics from Latin America;
- the destabilising behaviour of North Korea;

- and the internal unrest in Syria;

– to name but a few.

It is little wonder that – together with a number of other countries – the UK's National Security Strategy concludes that *'the risk picture is likely to become increasingly diverse'*.

Given this common strategic context, as well as the largely shared experiences of fiscal restraint – necessarily placing difficult demands at many Defence Department doors – it strikes me that, like it or not, many nations are sailing through the same strategic storm.

Keeping on course through that storm is the challenge. A challenge which requires us to reconcile this breadth of uncertainty with the depth of fiscal reality.

Most of us here would recognise that national security and economic prosperity are two sides of the same national interest coin. Which is why the UK's Secretary of State for Defence is very clear that, *'Restoring sound public finances is a Defence imperative as well as an economic one, and Defence must make its contribution to delivering them.'*

MOD organisational reform and capability re-balancing for the future is, of course, part of it. But so too is working more closely with other nations. For what ever the political rhetoric of the past, no country has the capacity, nor the political appetite, to respond to every conceivable threat.

Collective Defence

In an age of austerity, Collective Defence – educating, training, procuring and operating with other nations – is, as the Secretary of State puts it, *'the only practical response to the world we live in'*. And it is a response to which maritime forces are well-suited. I suppose I would say that, wouldn't I.

So some evidence. It is principally because our high seas – our global commons – necessitates, by its shared nature, an inherently collective mindset. Consequently, interoperability is instinctive to maritime forces – founded on a legacy of years of global operations, building and servicing partnerships, within NATO, the EU, the FPDA, and with a plethora of key allies, most notably the United States and France.

Take, for instance, in the Middle East region, the 25-nation Combined Maritime Force which provides maritime security for the benefit of all. A good example of where global problems are being addressed by global solutions.

Or last year, where the 16-nation maritime element of NATO's Operation Unified Protector helped liberate Libya. Indeed:

- Royal Navy submarines conducted coordinated strike operations with the US;
- our frigates and minehunters integrated instantly into NATO Task Groups;
- HMS OCEAN's operations were coordinated with NATO and French forces;
- and OCEAN's Air Group – of Sea King, Lynx and Apache helicopters – was also fully integrated into NATO's air operations.

Collective Defence certainly makes good sense. It always has done. But I think it is our approach to how the UK wishes to exercise its individual or collective influence around the world that merits closer examination.

Flexibility In Thinking

Indeed, a more imaginative, proactive stance on security should be within our fiscal means, provided we are prepared to think again at how we deliver it. Flexibility in our thinking is the vital precondition to achieving a more realistic response to the speed and unpredictability of events which characterise the security environment of our modern world.

In this regard, the National Security Strategy's 'whole of government' approach is a welcome restatement of strategic principles. And the establishment of the National Security Council to provide prompt, coherent and co-ordinated decision-making on all aspects of national security is a positive step.

After all, if we are to truly balance resources with commitments – power with interests – it certainly makes sense to be more prepared to employ all the levers of national power in addressing the security challenges we face. And, if consensus can be achieved, to join with others – state and non-state.

But as commentators such as Joseph Nye observe, whilst military power will always have its place, the networked world potentially allows us to achieve outcomes through more subtle use of all the levers. The academic and author Parag Khanna goes a step further perhaps, suggesting that, *'when government, business and NGOs work together, real progress can be made'*.

Because the networked world has the potential to truly galvanise dot.gov, dot.com and dot.org into generating a more dynamic and innovative response to the challenges presented by the future security environment.

I believe Whitehall shares that intent as well.

Indeed, the increasing demand for smarter inter-agency planning and delivery – be it for humanitarian assistance, capacity building or law enforcement, for example – whether nationally or as part of an international effort, is the consequence of a growing shift towards thinking in much broader terms about what security means and how it can most effectively – and efficiently – be delivered.

The introduction a few years ago of what was called the 'Comprehensive Approach', and now referred to in the UK as the 'Integrated Approach' is, in my view, receiving a well-deserved reinvigoration. An approach where the levers of power and the many associated actors are considered as individual melodic lines weaved into a complex counterpoint.

Such an approach is at the heart of the emerging thinking behind 'Smart Power'. The ability to create – to compose – more enduring outcomes and effects with the more elaborate employment of both soft and hard power assets. But it is an approach that needs constantly working at. After all, complex counterpoint is not harmonious – is not musical – by accident.

And yet, that all said, I do believe that there is scope for the military line to be weaved into the counterpoint more imaginatively – to help deliver, in these straitened times especially, the same effect with less.

Flexibility In Employment

There is a tendency to understand the UK Armed Forces' activity only in terms of their engagement in conflict. This is perhaps an inevitable consequence of the focus on the Campaigns in Iraq and Afghanistan. But the range of operations undertaken by the component elements of the Armed Forces is actually much wider than simply operations as we might know them.

So in Afghanistan for example, considerable effort is being placed upon providing advice and training to the Afghan National Security Forces through our Brigade Advisory Group.

And as we move towards 2015 the focus will shift almost exclusively onto a Train, Advise and Assist role to the Afghan National Security Forces. Indeed, through next year and beyond, the flagship project of longer-term UK military involvement in Afghanistan will be our support to the development of the Afghan National Army Officers' Academy in Kabul.

There is also a tendency to view the deployment of the military as a last resort. But I think that the military can, and should, be part of a more nuanced first resort – to better understand the security situation so that we can improve our ability to anticipate tension, as well as to do something to contain it.

Which is why in a world that, for economic and security reasons, is beginning to 'look seaward' again – in terms of threats, opportunities and interests – the recently established UK cross-Government National Maritime Information Centre for example is a real asset. Good intelligence allows us to be more judicious with the assets we have.

I also think that we can do more in the coming years to shape our Armed Forces so that they can be used more effectively to help address security risks, earlier on, as part of our commitment to conflict prevention. For instance, 'upstream prevention' as part of the emerging Defence Engagement Strategy which is complementary to cross-government efforts. A strategy to which, in my view, maritime forces are uniquely equipped to make a significant contribution – be it multinational exercises, training, port visits and so on.

Such recognition that Defence is as much about preventing wars as it is about winning them, also places an increasing premium upon the role of deterrence.

In this regard, the value of persistent presence in regions of interest – whether to signal national intent, gather intelligence and form insights, contribute to capacity building or to reassure others – can not be underestimated. The need therefore to maintain a credible war-fighting capability, able to operate and be maintained at range, is crucial.

Why do I say that?

Because you cannot deter effectively unless it is understood by those whose behaviours you seek

to influence that you can intervene militarily with confidence. Because you cannot keep the peace unless you are physically there, and prepared to be able to stay there. In my view, the more one deploys, the less one needs to be kinetic.

To return to my musical metaphor, maritime power is the 'leitmotif' in the counterpoint of future compositions. All this means that navies need to be at sea and at readiness – with the capabilities to respond swiftly across the 'spectrum of uncertainty'.

Doing so allows navies to deliver maritime power – effect from the sea – with the greatest expression:

- by maintaining confidence in sea trade;
- by building trust with an ever-widening circle of international partners;
- by bringing hope to fragile states;
- by preventing the consequences of illegal activity reaching our shores;
- and by deterring potential aggressors from challenging our national interests.

That is why last year, for example, some 8000 sailors and marines – around a quarter of the Royal Navy's trained strength – were deployed. That is why the Submarine Service had its busiest year since the second Gulf War, with SSN deployments averaging some 263 days, 90% of which was at sea. That is why, in early October, around 45 of the Royal Navy's 62 available vessels, nearly 75%, were underway or forward-deployed.

In many ways, such a notion of 'upstream prevention' is not new.

The Royal Navy has been operating in the Arabian Gulf, ashore, afloat, in the skies and beneath the waters since 1979. During the Tanker War of the mid-1980s, we were there providing escort protection to tankers laden with oil through the Strait of Hormuz while the Iran-Iraq war was being waged around us. We were still there for the first Gulf War in 1991, when our ships and aircraft rapidly defeated the Iraqi Navy. We stayed to enforce the UN's economic sanctions against Saddam Hussein's regime before supplying and landing the amphibious forces that took control of the Al Faw peninsula, the gateway to Basra, in 2003.

Until recently, the Royal Navy devoted resources to passing on our expertise in training the fledgling Iraqi Navy and Marines as well as facilitating détente between Iraq and Kuwait.

And today, the Royal Navy remains there:

- conducting mine-clearance preparatory operations in the Gulf;
- deterring the illegal and damaging smuggling of weapons and drugs across the region;
- as well as countering piracy and terrorism whilst protecting the vital sea lines of communication.

Consider how things might have developed had we not, over the last 30 years, been in the position to – by building partnerships and understanding the environment – shape and influence events in the region. To deter, contain and ultimately engage in decisive combat operations against our foe while supporting our friends – all in order to assist the delivery of UK national interests.

The fact of our being there, and our wide utility, gave the UK choice in peace-time, and options in

crisis. It continues to do so now.

Consider these other examples:

- the operation to evacuate British nationals by sea from Lebanon during the Israeli-Hezbollah conflict in 2006;
- and, last year, from Benghazi;
- the response to Hurricane Irene in the Caribbean last Autumn;
- the ongoing counter-piracy mission in the Indian Ocean and off the coast of Somalia;
- the interception of drugs in the Caribbean Sea and Atlantic bound for British streets;
- the protection of our fish stocks;
- and the conventional defence of the South Atlantic Islands and their associated resources.

All of these are examples of forces being employed flexibly. Not fighting wars, but 'influencing without embroilment', being there doing their business in order that Defence contributes, in that harmonious counterpoint with all the levers of national power and other actors, to deliver security for the UK.

All are examples of this more elaborate application of both soft and hard power – they are, if you will, the epitome of 'Smart Power'. After all, as Colin Gray observes, *'The...greatest value of the Navy will be found in events that fail to occur because of its influence'*.

Which at a time when value for money is uppermost in our minds, the small marginal cost of operating ships with their organic aircraft and submarines at sea, rather than being garrisoned in naval bases, is an attractive benefit of maritime forces.

Conclusion

To briefly conclude - in an age of austerity, working more closely with other nations remains paramount. Collective Defence is crucial. As is introducing greater flexibility in our thinking. Thinking that will truly galvanise government, the military, NGOs and business. Thinking smarter to deliver a more networked and more nuanced response in our future security environment.

And in our complex and unpredictable world, maximising the utility and employment of our forces – especially in terms of 'upstream prevention' – offers a real opportunity to be smarter. As the Prime Minister has put it, *'This country has always been at its best when it projects its influence'*. It will not surprise you that I consider maritime power to be a compelling expression of this country's influence.

And that, ladies and gentlemen, means being at sea and being ready.

Thank you for listening and I look forward to your questions.

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Gary Streeter MP

Dr Asher Susser

Martin Sutherland

Sir Hilary Synnott KCMG

HRH Prince El Hassan bin Talal

Sir Peter Tapsell MP

Hazhir Teimourian

Graham Thomas

Michael Thomas

Sir Crispin Tickell GCMG KCVO

Dr Steve Tsang

Lord Tugendhat

Sir Harold Walker KCMG

Lord Wallace of Saltaire

HE Kursad Tuzmen

Andrew Tyrie MP

Dr Kristian Coates Ulrichsen

Rt Hon Baroness Warsi PC

Samar Whitticombe

Lord Williams of Baglan

Andrew Wilson

HE Yasar Yakis

Dr Shamil Yenikeyeff

GLOBAL STRATEGY FORUM EVENTS IN 2011-2012

14th June 2011	Debate on *'Turkey's General Election: What Does The Outcome Mean For Britain, Europe And The Middle East?* with **Hüseyin Gün**, GSF Advisory Board member; **Sir David Logan KCMG**, British Ambassador to Turkey (1997-2001); **Baroness Nicholson of Winterbourne**; and **Mehmet Öğütçü**, Director for International Government Affairs at BG Group and a former Turkish diplomat; with the **Rt Hon Jack Straw MP** in the chair. The Turkish Ambassador, **HE Mr Ünal Çeviköz** gave a reply.
21st June 2011	Lecture on *'Britain In Afghanistan'* by **Sir Sherard Cowper-Coles KCMG LVO**, former Ambassador to Afghanistan (2007-2009) and the Foreign Secretary's Special Representative for Afghanistan and Pakistan (2009-2010).
5th July 2011	Lecture on *'Ten Years After 9/11: What Are The Priorities For The Intelligence Service In 21st Century Britain?'* by **Sir Richard Dearlove KCMG OBE**, Master of Pembroke College, Cambridge and former Chief, British Secret Intelligence Service (MI6).
11th October 2011	Lecture on *'Afghanistan: Are British Objectives And The Timetable For 2014 Still Intact?'* by **Mark Sedwill CMG**, the UK's Special Representative on Afghanistan and Pakistan, co-chaired by the **Rt Hon Jack Straw MP** and **Lord Anderson of Swansea**
17th October 2011	Lecture on *'Is Brazil A Future Global Power?'* by **Dr Peter Collecott CMG**, UK Ambassador to Brazil (2004-2008), chaired by the **Rt Hon Sir Menzies Campbell CBE QC MP.**
18th October 2011	Evening lecture on *'Nuclear Weapons: The State Of Play'* by **Professor the Hon Gareth Evans AO QC**, Australian Foreign Minister (1988-96) and President Emeritus of the International Crisis Group, chaired by **Rt Hon Sir Malcolm Rifkind QC MP**, Member of the Top Level Group of UK Parliamentarians for Multilateral Nuclear Disarmament and Non-Proliferation.
3rd November 2011	Lecture on *'Is The Eurozone Crisis A Threat To Global Stability?'* by the **Rt Hon Lord Lawson of Blaby**, Former Chancellor of the Exchequer.
21st November 2011	Debate on *'Britain And India: "The First Genuine 21st Century Partnership"?'* with **Sir Michael Arthur KCMG**, UK High Commissioner to India (2003-2007), **Jo Johnson MP**, the co-editor of *'Reconnecting Britain and India: Ideas for an Enhanced Partnership'* and **Dr Mohan Kaul**, Director-General and Chief Executive Officer of the Commonwealth Business Council.
29th November 2011	Lecture on *'The Commonwealth: Convening And Connecting To Add Global Value'* by **Kamalesh Sharma**, Commonwealth Secretary-General.

30th November 2011	Seminar on *'Cyber Defence: The Biggest Challenge Facing UK National And Economic Security?'* in the House of Lords, chaired by **Lord Lothian** and opened by **Professor Sir David Omand GCB**, Visiting Professor, Department of War Studies, King's College, London. The following speakers took part: **Professor Michael Clarke**, Director General, Royal United Services Institute; **Gordon Corera**, Security Correspondent, BBC News; **Luke Forsyth**, Vice-President for Security and Compliance Services, CA Technologies; **Lord Hannay of Chiswick GCMG CH**, Chairman, House of Lords EU Sub-Committee F (Home Affairs); **Robert Hayes**, Senior Fellow, Microsoft Institute for Advanced Technology in Governments; **Andrew Miller MP**, Chairman, House of Commons Science and Technology Committee; **Sir David Pepper KCMG**, Director, Government Communications Headquarters (GCHQ) 2003-2008; and **Martin Sutherland**, Managing Director, BAE Systems Detica.
13th December 2011	Christmas Drinks and Lecture on *'2011 In Review: Reflections On Reporting The Arab Spring'* by **Andrew Wilson** of Sky News.
24th January 2012	Debate on *'Iran And The West: Is War Inevitable?'* with **Dr. Arshin Adib-Moghaddam**, Reader in Comparative Politics and International Relations at SOAS, University of London; **Jonathan Fryer**, writer, lecturer and broadcaster; **Sir Jeremy Greenstock GCMG**, UK Permanent Representative at the United Nations in New York (1998-2003) and UK Special Envoy for Iraq (September 2003-March 2004); and the **Rt Hon Sir Malcolm Rifkind QC MP**.
6th February 2012	Lecture on *'Are We Meeting The Challenge Of Cyber Security?'* by the **Rt Hon Baroness Neville-Jones DCMG PC**, the Government's Special Representative to Business on Cyber Security.
28th February 2012	Debate on *'Beyond The Quartet: Time For A New Approach To The Middle East Peace Process?'* with **Dr Mustafa Barghouthi**, Palestinian democracy activist and presidential candidate in 2005, and **Lord Levy**, former Prime Minister Tony Blair's adviser on the Middle East.
6th March 2012	Debate on *'Putin Redux: What's Next For Russia And Its Relations With The West?'* with **Sir Tony Brenton**, former UK Ambassador to Russia (2004-2008), **Professor Anatol Lieven**, Professor in the Department of War Studies at King's College London and **John Lough**, Associate Fellow of the Russia & Eurasia programme at Chatham House, chaired by **Lord Anderson of Swansea.**
13th March 2012	Debate on *'Crisis In The Eurozone: Where Does This Leave European Foreign Policy?'* with **Sir Michael Arthur KCMG**, British Ambassador to Germany, 2007-2010; **Gideon Rachman**, chief foreign affairs commentator for the Financial Times; and **Lord Tugendhat**, member of the House of Lords Select Committee on Economic affairs and a former Vice-President of the European Commission.

14th March 2012	Seminar on *'One Year On: Turmoil And Transition - The Arab Uprisings And The Path Ahead'* in the House of Lords, which was opened by the **Rt Hon Alan Duncan MP**, Minister of State for International Development. The following speakers took part: **Dr Maha Azzam**, Associate Fellow, Chatham House; **Sir Richard Dalton KCMG**, Former UK Ambassador to Iran and Libya; **Lindsey Hilsum**, International Editor, Channel 4 News; **Dr. Eugene Rogan**, Fellow, Middle East Centre, St. Antony's College, Oxford; **Rt Hon Jack Straw MP**, Former Home Secretary, Foreign Secretary and Justice Secretary; and **Lord Williams of Baglan**, former UN Under-Secretary of State and Special Coordinator for the Middle East and Lebanon.
24th April 2012	Lecture on *'British Competitiveness: Responding To The Rise Of The Emerging Powers'* with **Jeremy Browne MP**, Minister of State at the Foreign and Commonwealth Office.
14th May 2012	Lecture on *'After Iraq And Afghanistan: The Future Of US Military Strategy?'* by **Professor Sir Lawrence Freedman**, Professor of War Studies and Vice Principal at King's College London, chaired by **Lord Anderson of Swansea**.
22nd May 2012	Lecture on *'The Return Of Insecurity To Europe?'* by **Professor Michael Clarke**, Director General of the Royal United Services Institute.
12th June 2012	Debate on *'The Falklands, The UK And Argentina: Time To Reflect On How We Can All Work Together In Our Common Interest?'* with **Dr John Hughes**, former UK Ambassador to Argentina (2004-2008), **Donald Lamont**, former Governor of the Falkland Islands (1999-2002); and **Madeleine Moon MP**. **Sukey Cameron MBE** gave a reply.
13th June 2012	Seminar on *'From Crisis To Paralysis In Cyprus: Who Can Break The Deadlock?'* in the House of Lords, which was opened by the **Honourable Alexander Downer**, the UN Secretary-General's Special Advisor on Cyprus. The speakers were: **Lord Hannay of Chiswick GCMG CH**, Chairman, House of Lords EU Sub-Committee F (Home Affairs); and British Special Representative for Cyprus (1996-2003); **Baroness Hussein-Ece OBE**, House of Lords; **Sir David Madden KCMG**, British High Commissioner in Cyprus (1994-1999); and British Ambassador to Greece (1999-2004); **Hugh Pope**, Turkey/Cyprus Project Director for International Crisis Group; and **Rt Hon Jack Straw MP,** Home Secretary (1997-2001); Foreign Secretary (2001-2006); Justice Secretary (2007-2010).
19th June 2012	Lecture on *'Delivering Security In An Age Of Austerity'* by **Admiral Sir Mark Stanhope GCB OBE ADC**, the First Sea Lord and Head of the Royal Navy.

26th June 2012	Debate on *'Two Years On: Is The Coalition Government's Foreign Policy Still Clear, Focused and Effective?'* with GSF Advisory Board members, the **Rt Hon Sir Menzies Campbell CBE QC MP**, Leader of the Liberal Democrats (2006-2007); the **Rt Hon Malcolm Rifkind QC MP**, Foreign Secretary (1995-1997); and the **Rt Hon Jack Straw MP**, Foreign Secretary (2001-2006).
3rd July 2012	Debate on *'Iran: How Real Is The Threat?'* with **Professor Malcolm Chalmers**, Research Director and Director (UK Defence Policy) at RUSI; the **Rt Hon Dr Liam Fox MP,** Secretary of State for Defence (2010-2011); and **Peter Jenkins CMG**, former UK Ambassador to the IAEA.

GLOBAL STRATEGY FORUM ADVISORY BOARD

Sir Menzies ('Ming') Campbell CBE QC MP is one of the most respected and successful politicians of his generation. He grew up in Glasgow, was educated at Hillhead High School and went on to the University of Glasgow. He was called to the Scottish Bar as an Advocate in 1968 and appointed Queens Counsel in 1982. He became MP for North East Fife in 1987. In Parliament he was the Liberal Democrats Foreign Affairs Spokesman from 1997–2006. He has served on the Members' Interests (1987–1990), Trade and Industry (1990-1992) and Defence (1992-1999) Select Committees. He was elected Deputy Leader of the Liberal Democrats in 2003 and elected Leader in March 2006–October 2007. He is currently a Member of the Foreign Affairs Select Committee; and of the Intelligence & Security Committee, a member of the 2012 Olympic Board and Leader of the Delegation on the NATO Parliamentary Assembly. In 2001 he was awarded an Honorary Doctorate by the University of Glasgow and was given a Knighthood in the 2004 New Years Honours List. He became Chancellor of St Andrews University in April 2006.

William S. Cohen is Chairman and CEO of The Cohen Group, a business consulting firm based in Washington, DC which provides business consulting and advice on tactical and strategic opportunities to clients in quickly changing markets around the world. He serves on the board of CBS, and on the advisory boards of the US–India Business Council, the US-China Business Council and Barrick Gold International. He is a senior counselor at the Center for Strategic and International Studies, and the weekly World Affairs Contributor for CNN's Situation Room with Wolf Blitzer. Secretary Cohen served as Secretary of Defense from 1997 to 2001, where he oversaw the largest organisation in the US with a budget of $300 billion and three million military and civilian personnel. Under his leadership, the US military conducted operations on every continent, including the largest aerial bombardment (Kosovo and Bosnia) since World War II. His term as Secretary of Defense marked the first time in modern US history that a President chose an elected official from the other party for his cabinet. Before his tenure at the Department of Defense, he served three terms in the US Senate and three terms in the US House of Representatives, where he served on the House Judiciary Committee during the 1974 impeachment proceedings and the 1987 Iran-Contra Committee. He also served as mayor of Bangor, Maine. Secretary Cohen was born in Bangor, Maine and received a B.A. in Latin from Bowdoin College, and a law degree from Boston University Law School. He has written or co-authored ten books – four non-fiction works, four novels, and two books of poetry.

Frank Field MP worked as Director of the Child Poverty Action Group from 1969-79, during which time it became one of the premier pressure groups in the country. In 1974 he also became Director of the Low Pay Unit until 1980. In 1979, he was elected Member of Parliament for Birkenhead. Between 1980 and 1981 he served as Shadow Education and Social Security spokesman under the leadership of Michael Foot. In 1990 he took up the chairmanship of the Social Security Select Committee and continued in this role up to 1997. From 1997-1998 he accepted the position of Minister for Welfare Reform in Tony Blair's first cabinet. Since then, he has served as a member of the Public Accounts Committee between 2002 and 2005. In 2010, in recognition of his expertise in the fields of poverty and welfare, Frank was appointed Chair of the Independent Review on Poverty and Life Chances. Outside of Parliament, he is equally busy and committed. In 1999 he helped set up the Pension Reform Group which he chairs. From 2005, he has also been chairman of the Cathedral Fabrics Commission, which is the planning authority for English cathedrals. In 2007 he co-founded the charity Cool Earth, which aims to combat climate change by working with local communities around the world to protect endangered rainforest.

Gerard Griffin is portfolio manager at GLG Partners responsible for event driven strategies. Prior to joining GLG in 2010, Gerard was managing partner of Tisbury Capital Management, a firm he had founded in 2003. Previously, Gerard was a Managing Director at Citadel Investment. Gerard also serves on the board of St Luke's Centre in Manchester. He received a joint B.A and M.A. in Political Science from Yale in 1990, and a J.D. from Yale Law School in 1996.

Hüseyin Gün is a financier and managing director of Avicenna Capital. The firm invests in strategic sectors such as natural resources, financial services and energy, with a focus on emerging and frontier markets. The British-educated Gün has an Honours Degree in genetics. He began his career as a commodity trader and thereafter as a banker in Merrill Lynch and Credit Agricole Indosuez. He is an Executive Member of the Leader's Group of Britain's Conservative Party and the International Institute for Strategic Studies. Gün is the founding board member of the Iraq Britain Business Council and founding trustee of the Omar Al-Mukhtar Foundation for Libya. He is the former chairman of the advisory board of the Global Fairness Initiative in Washington, DC, a group that had former President Clinton as chairman of the board. He is the Honorary Ambassador of the Israeli Peace Initiative. Gün is an Executive Member of the International Advisory Board of West Asia North Africa Forum chaired by HRH Prince El Hassan bin Talal of Jordan. Last year, Gun published *Creating A Middle East Economic Community,* in which he argued for an aid programme rivalling the size of the Marshall Plan to be administered by Turkey and other regional actors.

Senator Chuck Hagel is a Distinguished Professor at Georgetown University. He serves on the Boards of Directors of Chevron Corporation and Zurich's Holding Company of America; the Advisory Boards of Corsair Capital, Deutsche Bank America, and is a Senior Advisor to Gallup. He is Co-Chairman of the President's Intelligence Advisory Board, Co-Chair of the President's China 100,000 Strong Initiative Advisory Committee, and a member of the Secretary of Defense's Policy Board. He also serves as Chairman of the Atlantic Council and is a member of the Public Broadcasting Service (PBS) board of directors. He just completed service on the Secretary of Energy's Blue Ribbon Commission on America's Nuclear Future. Hagel served two terms in the United States Senate (1997-2009) representing the state of Nebraska. Hagel was a senior member of the Senate Foreign Relations; Banking, Housing and Urban Affairs; and Intelligence Committees. He chaired the Foreign Relations International Economic Policy, Export and Trade Promotion Subcommittee; and the Banking Committee's International Trade and Finance, and Securities Subcommittees. Hagel also served as the Chairman of the Congressional-Executive Commission on China and the Senate Climate Change Observer Group. He is the author of the book, America: Our Next Chapter. Prior to his election to the US Senate, Hagel was president of McCarthy & Company, an investment banking firm in Omaha, Nebraska. In the mid-1980s, he co-founded VANGUARD Cellular Systems, Inc., a publicly traded corporation. He is a Vietnam combat veteran and former Deputy Administrator of the Veterans Administration.

HRH Prince El Hassan bin Talal has been at the centre of Middle East Politics and diplomacy for many decades in the course of which he has won exceptional respect. He is concerned inter alia with humanitarian and interfaith issues and the human dimension of conflicts. This is exemplified by his work with Partners in Humanity and his co-chairing of the Independent Commission on International Humanitarian Issues. Amongst the well-nigh innumerable positions of HRH Prince Hassan of Jordan, he is President and Patron of the Arab Thought Forum and Moderator of the World Conference of Religion and Peace. His Royal Highness is a founder of the recently formed Parliament of Cultures, dedicated to fostering dialogue amongst philosophers, thinkers and those exercising

power. HRH Prince Hassan is the author of seven books, which have been translated into several languages, including A Study on Jerusalem, Search for Peace, Palestinian Self-Determination and in 2004 in collaboration with Alain Elkann, To Be A Muslim: Islam, Peace and Democracy.

The Rt Hon Lord Lamont of Lerwick (Norman Lamont) was at the centre of British politics for many years. He was a Cabinet Minister under both Margaret Thatcher and John Major, and was a member of the House of Commons for 25 years. He was heavily involved in the Thatcher reforms including privatisation that transformed the British economy. He was a Minister also in the Departments of Energy, Defence and Industry. He is currently a director of or consultant to a number of companies in the financial sector, several with Middle East involvement. He is Chairman of the British Iranian Chamber of Commerce, President of the Economic Research Council and a former Chairman of Le Cercle (a foreign affairs think tank). He was made a Life Peer in July 1998, and sits on the House of Lords EU Foreign Affairs Sub-Committee.

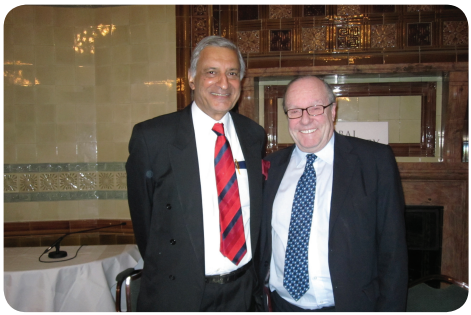
Jonathan Lehrle was the first Director of the Global Strategy Forum from May 2006-February 2008. Born in Britain, Jonathan spent the first eighteen years of his life in Southern Africa. Upon his return to the United Kingdom he joined the Metropolitan Police, based in West London. His route into politics was through the Parliamentary Resources Unit (PRU), where he worked for two years covering the International Affairs & Defence portfolio. In 2001 he was appointed Chief of Staff to the Shadow Foreign Secretary and Deputy Leader, Michael Ancram QC MP, a position he held until December 2005. He is now a Senior Consultant at Bell Pottinger Sans Frontières.

Sir Malcolm Rifkind QC MP was elected as MP for Pentlands in 1974 and represented that constituency until 1997. In 1979, when the Conservatives were returned to power under Margaret Thatcher, Sir Malcolm was appointed a Parliamentary Under Secretary of State, at first in the Scottish Office and he was then transferred to the FCO, being promoted to Minister of State in 1983. He became a member of the Cabinet in 1986 as Secretary of State for Scotland. In 1990 he became Secretary of State for Transport and in 1992, Secretary of State for Defence. From 1995-97 he was Foreign Secretary. He was one of only four ministers to serve throughout the whole Prime Ministerships of both Margaret Thatcher and John Major. In 1997 he was knighted in recognition of his public service. Sir Malcolm was re-elected as a MP in May 2005 for Kensington and Chelsea. He was elected as MP for Kensington in May 2010. He served as the Shadow Secretary of State for Work & Pensions and Welfare Reform until December 2005 when he chose to return to the backbenches. He was Chairman of the Standards & Privileges Committee 2009-2010; and he is Chairman, Intelligence and Security Committee (2010-); and UK representative on the Commonwealth Eminent Persons Group (2010-).

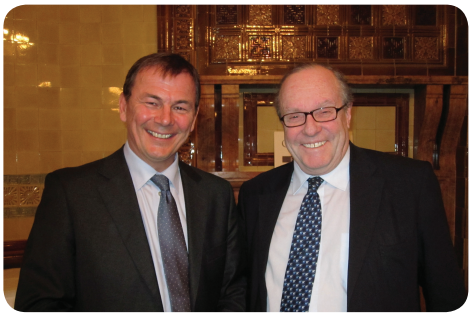
Jack Straw MP is Member of Parliament for Blackburn, which he has represented since first entering Parliament in 1979. His long career has included continuous Cabinet-level roles in Labour governments from 1997 through to 2010 and he has taken a leading part in many momentous political decisions in both national and international politics. He had a number of Shadow Cabinet roles before becoming Home Secretary after the Labour Party's 1997 election victory, and then Foreign Secretary in 2001 and Leader of the House of Commons and Lord Privy Seal in 2006. He served as Lord Chancellor and Secretary of State for Justice from 2007 until 2010. Appointed Foreign Secretary in 2001, he soon played a leading role in the dramatic and difficult foreign policy problems arising from the 9/11 terrorist attacks in New York and then the interventions in Afghanistan and then Iraq. In 2006 he was appointed Leader of the House of Commons and Lord Privy Seal with

responsibility for parliamentary reform. He returned to the Opposition benches after the 2010 general election and continues to play a leading role in national politics, on home and foreign policy. His autobiography, Last Man Standing: Memoirs of a Political Survivor was published in September 2012.foreign policy.

Admiral The Right Honourable Baron West of Spithead GCB DSC PC ADC DUniv joined the Navy in 1965. He spent the majority of his naval career at sea, serving in fourteen different ships and commanding three of them. He is a graduate of the Royal Naval Staff Course, the Higher Command and Staff Course and The Royal College of Defence Studies. In 1980 he took command of the frigate HMS ARDENT taking her south to the Falkland Islands in 1982 where she was sunk in their successful recapture. He was subsequently awarded the Distinguished Service Cross for his part in the action and led the Victory Parade through the City of London. He has held several appointments in the Ministry of Defence in the Plans, Programmes and Policy areas plus three years as head of Naval Intelligence and three years as Chief of Defence Intelligence covering the Kosovo War. He was promoted to Admiral in November 2000 when he became Commander-in-Chief Fleet, NATO Commander-in-Chief East Atlantic and NATO Commander Allied Naval Forces North. He led the United Kingdom's maritime response to 9/11 including the invasion of Afghanistan. He became First Sea Lord in September 2002 and the First and Principal Aide-de-Camp to HM The Queen. He inspired and organized the Trafalgar Bicentennial Year and led the Navy during its crucial and successful role in the initial invasion of Iraq. He retired as First Sea Lord on 7 February 2006 becoming Chairman of the QinetiQ Defence Advisory Board. He advised both Conservatives and Labour on defence and foreign policy before, in July 2007, being asked by Gordon Brown to join the Government as one of the GOATs (Government of All The Talents) responsible for national security and counter-terrorism as well as cyber and Olympic security. He produced the United Kingdom's first ever National Security Strategy and Cyber Security strategy as well as formulating a series of other groundbreaking strategies: the counter-terrorist policy (Contest 2); cyber security; CBRN (Chemical Biological Radiological and Nuclear; science and technology for countering international terrorism; guidance for local government in enhancing the security of crowded places. He was Chairman of The National Security Forum. He left government in May 2010 and is currently a strategic advisor to a number of small companies, a motivational speaker, Chancellor of Southampton Solent University and Naval Trustee of the Imperial War Museum, plus a number of other appointments. Lord West was made a Knight Commander of the Order of The Bath in 2000, Knight Grand Cross in 2004, Baron in 2007 and a Privy Councillor in 2010.



Kamalesh Sharma and Lord Lothian



Andrew Wilson and Lord Lothian

Baroness Pauline Neville-Jones

Jeremy Browne MP and Lord Lothian

Professor Michael Clarke and Lord Lothian

Lord Hurd of Westwell, Lord Carrington, Professor Sir Lawrence Freedman and Lord Anderson of Swansea

Lord Lothian and Admiral Sir Mark Stanhope

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