

TRANSCRIPT OF SPEECH GIVEN BY THE FOREIGN SECRETARY TO THE CARDIFF BUSINESS CLUB: 17 OCTOBER 2008

FOREIGN SECRETARY

Thank you very much Professor, Gerald. It is a huge pleasure and privilege for me to be here. Thank you very much for those kind introductory words.

Gerald, I have to tell you that every time, or whenever I am introduced and someone says we have a very distinguished speaker today a shudder goes down my back because the very first visit I did as a Minister when I was Minister for Schools, I went to this small primary school in South Shields and all over South Shields the South Shields Gazette, which is a daily newspaper, the oldest provincial daily newspaper in Britain, had signs saying 'Minister Miliband visits the Tyne'. So I arrived secure in the knowledge that everyone would know who I was and what I was doing there, and the Headmistress of St Mary's Primary School in South Shields was waiting for me on the driveway and she said we are so excited that you are here on your first Ministerial visit, the children are really looking forward to seeing you. She brought me into a hall and the kids were sitting on the floor, incredibly quiet, you could hear a pin drop, we walked to the front of the Assembly Hall and the headmistress said: Now children we have got a very distinguished Minister today – the same words that you used - she said can anyone tell me who our distinguished visitor is? Alun Michael is a distinguished MP, he will know the scene in the primary school. And total silence. And she said now children, we did practise this yesterday. And I was feeling pretty brought down to size, the poor headmistress was in a state of terrible sort of sweat and nervous exhaustion, and she said now children, our very, very distinguished and important visitor, he is going to really help us move our school forward, really address some of the problems that we have got, we have waited a long time for someone as important as this to come to our school. And finally she said, because someone must be able to tell us who he is, and this little boy put up his hand, he must have been about 7 or 8, and she said yes, Tommy, tell us who our distinguished visitor is, this important visitor. And he said Miss, is it the man who has come to fix the electricity?

You couldn't make it up, it happens to be true. So Gerald thank you for your very kind introduction but I have to take these things with a slight pinch of salt.

I am really pleased to be here. I have got two speeches, one as you can see it closely typed and quite long, and if you want to consult this speech it is on the Foreign Office website. I think if I read it out it will be rather tiresome. So what I have got is an alternative speech which is a group of scribbles here that I just want to talk about for about 20 minutes and then leave about 25 minutes for discussions and comments.

Because I am here for a very simple but important reason I think, which is that especially now in the context of an economic crisis that is greater than anything that we have seen for 50 or 60 years, an economic crisis that demonstrates more eloquently than any words I could use, the interconnected the nature of the modern world, I am here because we have

got a very simple choice as a country, but a very profound choice and I would describe the choice as follows. It is not a choice about whether or not we want to live in an interconnected world, because we do, and whether you care about economic life, or social life, or cultural life, or security in our country it is a fact that we live in a world more interconnected than ever before. That is not our choice. But we do have a choice as a country about whether and how we engage with that interconnected world and the choice becomes stark I think when you express it as follows, that globalisation has brought immense riches to many parts of the world, including this one, but there are immense problems associated with globalisation - inequalities, insecurities and unsustainability, environmental unsustainability.

Now the choice is as follows: do we address the problems of globalisation by trying to retreat from that world or to try to stop the process of globalisation, or do we address those problems through more globalisation rather than less? And that is a stark way of putting it but it has a particular angle I think when you think of it in these terms, that we have the globalisation of our economy, that is obvious, we have the globalisation of culture, we have in some ways the globalisation of a sense of a global consciousness about what is right and what is wrong, you see that in global movements around the world on human rights or other issues, but we don't yet have what I would call the globalisation of responsibility and we certainly don't have the globalisation of political responsibilities either at regional or international global level, notwithstanding the importance of the EU and the UN, we don't have the globalisation of responsibility.

And so we face the choice as a country: do we want to engage with this imperfect world as it is, putting our assets, all of our assets, to use to advance our goals, to address those problems of inequality and insecurity and unsustainability, or do we conclude that it is all too complex, it is all too difficult and we are better off pulling up the drawbridge and defending ourselves and trying to preserve our own way of life here without international engagement? And I believe this is a real choice, not a false choice, because the voices, what I would call the siren voices, the voices that say migration is the problem, capital flows are the problem, global markets are the problem, global foreign policy, global interventionism is a problem, the people who make that argument have got some arguments for them.

It is not a ridiculous argument to make to say Britain is 2% of global carbon emissions so what business have we really got doing in trying to think that we can make a big difference internationally about it. People can say we have 8,000 troops in Afghanistan and we hope that the Afghan army will have 130,000 troops in 4 years time, what business do we think we are going to make a difference? People can say we are one of five Permanent Members of the UN Security Council but in the end who is really going to listen to us, aren't we better off just trying to mind our P's and Q's?

Those are not ridiculous arguments, they are not legitimate arguments but I think they are arguments that need to be engaged with. And the reason I am here in Cardiff and the reason why the Foreign Office has a programme under the title 'Bringing Foreign Policy Home', which will lead up to our Leadership Conference in March where every Ambassador, every Head of Mission from every post around the world comes back to London for a meeting, but for the first time they will all go out and about around Britain to have meetings

to bring foreign policy home, and this event that I am doing is part of the preparation for that.

The reason I am here is best expressed in an important quotation from Henry Kissinger actually, because he makes the point, I will read you out the quote: "No foreign policy has any chance of success if it is borne in the minds of the few and carried in the hearts of none." In other words a foreign policy that tries to engage with global issues but only involves Whitehall is a foreign policy destined to fail. A foreign policy on climate change that doesn't engage the energies of business and individuals is going to fail. A foreign policy on Iraq or Afghanistan that doesn't try to engage popular consent is going to fail. A foreign policy that tries to address issues of the economic crisis that we face and doesn't engage opinion in its own country is going to fail. And that is why bringing foreign policy home is an important plan of foreign policy for me and for the Foreign Office.

I think as this meeting is organised under the extremely distinguished auspices of the Cardiff Business Club I would in any case say something about economics. But I think if I didn't dwell for a moment on the economic storm that is engulfing the world today you might think it was a very odd type of foreign policy that didn't recognise the importance of that given that the Prime Minister and I have spent the last 36 hours in Brussels with Heads of Government and Foreign Ministers from every other European country talking in large part about the economic crisis, it would be even more peculiar.

I think the truth is that our global economic engagement has made us strong but it has made us vulnerable and what we are seeing at the moment are the vulnerabilities and what we have got to try and preserve are the strengths.

I was really struck, preparing for this visit, to read that in the mid to late 1990s, take 1997 as a particular year that might be a point of reference, the unemployment rate in Wales was 30% above the UK average; now unemployment in Wales is 5% below the UK average. That is a pretty striking statistic. 170,000 new jobs in Wales in the last ten years. But any one of you who is a business person, or an employee, or knows someone who is an employee, in other words every single one of you, will be asking yourselves the question today, can we protect our economic gains, which haven't yet been as evenly spread as many of us would like but nonetheless are important, how can we protect our economic gains from the economic storm and how can we make sure that when there is an upturn we are ready to take advantage of it? And that requires local action which is why I think it is very, very significant that Rhodri Morgan and Paul Murphy should have organised their Welsh Economic Summit today, I think that was a really important and good piece of thinking and something that I would have thought the rest of the UK would want to follow.

So that is important, local action is very important, national action is vital. It has been striking for me, I was in Brussels last Wednesday, which was the day that the Prime Minister and the Chancellor unveiled their plan for introducing new liquidity into the banking system, introducing new capital into the banking system through public funding and guaranteeing interbank lending through the wholesale market with an insurance plan. And during the course of the day, the course of the meetings I had during the day, people I was meeting, their mood changed from one of, my first meeting I think was at 10.00, people saying well I

don't know how we are going to get out of this but we are kind of interested in what you have just announced in London, to by the end of the day when I met the President of the European Commission, saying we think there may be a way through that you have described here. So national action is very, very important.

But the Chancellor and Prime Minister have been clear all along that however good our own intervention it is not going to protect us nor prepare us if it is not followed, not just throughout the rest of the European Union but actually around the world. Fortunately that has been done and today's European Council conclusions bring that through. But that is only stage one because stage two is how do we avoid this happening again? Because the truth is the global economy has moved forward faster than global responsibility and that is why the agenda that the Prime Minister and now the rest of the European Union has signed up to around transparency of financial markets, around the integrity of the system, whether it addresses conflicts of interest, around the responsibilities of those at all levels in the system, around sound banking practice and also around the effective coordination between banks but also between supervisors and regulators, that second stage of the recovery plan, or stabilisation plan, is I think not just a European issue but a global issue, and that is why the call for a leaders meeting, a so-called Bretton Woods to follow the meeting in 1946 that set the scene for Second World War growth is so important.

But I think that as soon as I describe national action and international action of that kind, the point, we have a choice, either we engage globally or we don't, comes very much to the fore.

And the question of how do we do that, do we do that as strong members of the European Union for example or as reluctant members, becomes a very important and powerful issue and maybe we can explore that in questions and answers.

I do though want to try and draw a wider set of lessons because I think that the economic interdependence that exists at the moment is only one example of the interconnections that exist, and I want to pick out what I see as the three biggest challenges in foreign policy today, whether you are the Foreign Minister of the UK or the Foreign Minister of any other country in the world, they are about terrorism, they are about conflicts, which often leads to migration, and they are about climate change, which I think are the three defining foreign policy questions in addition to the economic for Foreign Ministers around the world. And certainly I would say 90% of my time as Foreign Secretary is spent on those three questions. Most problems around the world fit into those three dimensions and if you think about the problems in the Middle East they embody all of those dimensions which is why it is so difficult to make progress.

And I just want to recognise in each of these areas, there are profoundly difficult issues raised for us as a country, but I think in all of them we are far less secure and far worse off if we retreat into ourselves and don't engage internationally, however difficult.

If I spend 90% of my time on those three questions, the single issue that I have spent most time on in the last 15 – 16 months is on the future of Afghanistan and Pakistan. Why?

Because more than 70% of our terrorism has links back to Pakistan and we have 8,000 troops as well as several hundred diplomats and aid workers in Afghanistan.

And we have a very clear choice if we are concerned about our national security, but also if we are concerned about the future of Pakistan ... Afghanistan is the 174th poorest country in the world, it is the poorest country outside sub-Saharan Africa. So we have got a big choice: we can either say it has got nothing to do with us and in any case three times we have tried to make progress for people in Afghanistan in the last 200 years and we have failed, which is sobering; or we can say we have got a massive national interest in Afghanistan and Pakistan, building decent enough societies to forestall the advance of the Taliban and al Qaeda, not just for their own good but for ours as well, and that means putting our troops force, our aid workers and our diplomats in harms way in a very profound way.

And what I would say is that it is very, very strongly in our national interest that we do make a contribution there to an international effort, not to create a new colony in Afghanistan, or recreate an old colony in Pakistan, but actually to help democratic governments in both of those countries, faltering fledgling democratic governments in both of those countries, remember in Pakistan 30 of the last 60 years has been military rule, we have a massive interest in trying to make sure those governments are able to run their own countries for their own good and for that of their people. That is a profoundly difficult question because it does mean putting our own people in harms way in very, very difficult circumstances.

I would say behind the strategy has now got integrity, not just a military strategy but a political, an economic and a social strategy for those two countries, but one that is fraught with danger. And Wales makes more than its fair share of contribution to our armed forces and so you face that choice. But I can't make that choice for the Defence Secretary and the Prime Minister without the support of people right round the country and that is why it is important to discuss the issue.

The second question I raised was about conflict and the biggest conflicts are in the Middle East. But I think conflict, and conflicts there matter to us for a whole range of reasons, not least because the biggest recruiting sergeant for al Qaeda is actually the absence of a Palestinian state.

But I want to give you a slightly different example. The western Balkans, the former Yugoslavia, in the 1990s we effectively stood to one side when Europe saw the largest slaughter in the post-Second World War period in Bosnia and in the late 1990s in Kosovo. At the moment you don't read about Kosovo very much in the newspapers because there isn't actually any shooting going on. However, there are 16,000 NATO troops in Kosovo and there are 2,000 European security and defence policy monitors and representatives in Kosovo as well.

Now you may say why have we got 16,000 troops and 2,000 monitors in a country where there is no shooting going on? The reason there is no shooting going on is because they are there. And the difference between the western Balkans in 2008 and the western Balkans in 1993 – 1999 is that pre-emptive diplomatic, but also military intervention is keeping the

peace on the borders of Europe. And when I say the borders of Europe I hope that brings home that this isn't just a conflict in a small country far away, it is one that will come through our own continent if in fact it is allowed to explode. So we have a national interest but also an amount of moral interest in trying to stabilise the western Balkans. Conflict matters to us, not just for our moral conscience but also for our self-interest.

The third issue is about how we promote development that is consistent with low carbon living and we will maybe come to this in questions and answers because I haven't really got time to talk about it in just these introductory remarks, but it is a very interesting question: does the economic crisis mean that we should lower our climate change ambitions because we can't afford to tackle climate change, or does the fact that it was a rising oil price that in a significant part as a cause of our economic problems mean that actually we should redouble our efforts to reduce not just our emissions but those globally?

Now what is interesting is that those two positions are held by different members of the European Union and today we were arguing about that because some people say the economic crisis means that we should shelve our ambitions for the moment, we say no, as long there is a mis-match of supply and demand for oil, because we are dependent on high carbon sources of energy we actually need to redouble our efforts in our economic interest as well. But it does cost you in the short term. Energy efficiency doesn't cost you, it actually saves you, but Nick Stern says that tackling climate change will probably cost us 1% of national income between now and 2050 but it will also save us 5% of national income by 2050. So that is quite a big test for politicians, are we willing to spend now to save later? But I think, and the government thinks, we should.

Let me just try and draw this together by saying well Britain and Wales, how do we fit into this, the UK and Wales, how do we fit into this? Because one argument against an active foreign policy is that the problems are insoluble, the second argument is that we don't make a difference. And I want to argue to you that the UK does make a difference, not just by virtue of its history, the power that it has, but actually because of the unique set of alliances that we are part of. We are very privileged by virtue of our history to be members of the UN Security Council, Permanent Members, only 5 countries are in that place. I argue that we shouldn't keep that place on the basis of our history, we should keep it on the basis of our contribution to the modern world. Because I would challenge anyone to say that a country of our size makes a similar contribution politically, in development aid terms and in security terms, and I don't think there is. But we are also members of the European Union, leading members of the European Union, which I am proud of and I think is very, very important. We are also members of the Commonwealth, 53 countries, a quarter of the world's population. No other country has got that set of alliances and those links.

And so we have a range of networks that we are part of, but we also have a range of assets, military assets, diplomatic assets in 261 missions around the world, cultural assets. I just saw a thing in my box today about work that is going on with some of the countries that we have a lot of difficulty with politically, we have got burgeoning cultural links with, not least through the BBC World Service and the British Council who fly the flag for Britain. And we also in some areas of public policy are leaders in the world of ideas. I referred to Nicholas Stern who has done path-breaking work on climate change, and actually the work that the

Prime Minister has done in the last two weeks on the global financial crisis has also been world leading.

So I think for reasons of the present, as well as reasons of the past, we have got a role to play. And it is not just a role for London. You will know more than I about the history of Wales from the world coal trade, which I was reading about today, to the movement for the League of Nations in the early part of the 20th century. Wales was at the forefront of that, Welsh people were at the forefront of that. And today Wales also has a unique set of assets and I would say a unique contribution to make to a UK effort.

Wales I think has significant and distinctive business assets, which some of you may tell me about, Wales has – to get into controversial territory – the distinctive asset of the Severn Estuary, potentially Europe's largest source of renewable electricity that many of us think would be well used in the battle against climate change and for clean energy, Wales has, as I said earlier, significant contributions to our armed services, Wales is also the home of unusually high popularity of the European Union, so you are people of immensely good judgment as well.

And I think the really important point is that your international commitments do not come at the expense of your local and Welsh commitments, they come as part of them. In that sense I think one can come to Cardiff today and speak up for internationalism and at the same time speak up for the Welsh devolution settlement without being in contradiction with oneself. It is as reasonable I think to argue for localism as it is to argue for internationalism in the modern world and that is why bringing foreign policy home may not be so crazy after all because the truth is that the identities that bind us together locally do not sit at variance or at odds with our internationalism, our international commitments, they are part of them.

My mother was born in Poland and my father was born in Brussels. My grandfather had his immigration application in the late 1940s turned down by the then Home Secretary who was my predecessor as MP for South Shields – talk about a small world.