Making Global Britain Work

8 ideas for revitalising UK foreign policy for the post-Brexit age

by the Britain in the World Project at Policy Exchange

Foreword by Rt Hon Lord Hague of Richmond

Making Global Britain Work

8 ideas for revitalising UK foreign policy for the post-Brexit age

by the Britain in the World Project at Policy Exchange

Foreword by Rt Hon Lord Hague of Richmond

Policy Exchange

About Britain in the World

Britain in the World is a non-partisan initiative at Policy Exchange to revitalise the British foreign policy debate in the UK, challenge the narrative of decline, encourage the creation of a new generation of foreign policy leaders, and to ask hard questions about Britain's place in the world, its hard and soft power assets, and future grand strategy.

Published by
Policy Exchange, 8 – 10 Great George Street, Westminster, London SW1P 3AE

www.policyexchange.org.uk

ISBN: 978-1-910812-80-8

Contents

Foreword

Rt Hon Lord Hague of Richmond
former Foreign Secretary

This Policy Exchange publication is timely, provocative, and pithy. We have indeed reached another 'moment of reckoning in our national history', when considered re-examination of our national interest is not only important but urgent. That process, if it is to be effective, must be challenging – uncomfortable even – and the following eight ideas are an excellent start point; business as usual will not suffice.

However, Brexit is just the catalyst for this change and while the ongoing process continues to consume our political attention the rest of the world is moving on, in typically unpredictable and turbulent fashion. The geopolitical landscape, well-depicted in this note, is characterised by constant competition between both state and non-state actors, the growing risk of great power confrontation, and the ratcheting up of environmental and demographic pressures on the ability of so many already-fragile states to govern and support their citizens.

These particular challenges and the wider world in flux hold as many opportunities as they do risks for the next government, but only if it can match the optimism about that world and confidence in our place within it with the means to realise that vision. Britain's ability to remain 'global' begins at home, with national self-awareness, clarity of strategic thinking, and strengthened sinews for cross-government action.

The most important contributions of this paper are, therefore, its call to seize the initiative in reforming the rules based international order, so as to conserve its benefits for all nations, and the necessity for recapitalising and cohering the many levers of government required to do so. It has been almost ten years since the Coalition Government established the National Security Council; it has proven its value beyond doubt, but it is time to consider the modifications necessary to keep pace with an evolving security environment. So I commend this paper's contribution to the next Prime Minister's thinking on revitalising UK foreign policy.

Britain in the World

A policy programme for defining and pursuing the national interest in a post-Brexit age

The next Prime Minister should…

1. **Pursue a grand strategy of 'creative conservative internationalism'** – preserving and defending the best aspects of the 'rules-based international order' but also *adopting a more proactive stance*: working with allies and stepping forward as a burden-sharer to help *shape a new international system* that is amenable to the UK's long-term interests and values. Rather than being seen as curators of the old order built out of the Second World War, we should aim to be 'present at the creation' of the new one emerging today, leveraging every sinew of our national strength to maximise our influence.
2. **Change the way we do foreign policy: re-establishing clearer lines of ministerial responsibility and a chain of command leading all the way to Number 10; and creating a single centre of gravity for all decisions involving diplomacy, development and trade**. This means restoring the position of Foreign Secretary as one of the four great offices of state (answerable to the Prime Minister) and empowering the Foreign Office to resume its former place as the strategic engine room of UK foreign policy (guided by the Prime Minister). The Department for International Trade should be abolished and trade policy returned to the purview of FCO; meanwhile, the Department for International Development should be preserved but made subordinate to the FCO. While the commitment to spend 0.7% of GDP on aid should be maintained, the Foreign Secretary should be given more discretion over its budget (and responsibility for the way it is spent).
3. **Change the way we think about national security: moving away from the risk-management paradigm of recent years and reviving the traditions of big-picture and long-term thinking to bring more dynamism to the way we approach foreign affairs**. This means looking beyond 5-year cycle auditory cycles (and bureaucratic or intra-service wrangling over resource allocation) and undergoing a deep examination of the foundational assumptions of British grand strategy. Such big-picture thinking can be achieved by looking to our past for inspiration. In particular,

government should consider the models provided by the Foreign Press and Research Service of the Second World War, the Future Policy Study of 1960 or the Long-Range Study Groups of the past.

4. **Prepare ourselves more effectively for the new age of competition**. This means sharpening the UK's competitive edge in all domains of national security and defence (particularly space, cyber and artificial intelligence) and improving our tactical effectiveness, strategic self-awareness and knowledge of the strengths and weaknesses of other actors (enemies and rivals) through the building of a world-class Office of Net Assessment. This will also enable us to be a more effective partner to our allies.
5. **Stay ahead of the pack as the most foremost player in European defence.** The government should ensure that the UK retains its position as western Europe's leading military power (ahead of France) and America's most reliable ally in the region as the US re-orientates its resources elsewhere. This also means heading off the risk of deeper EU defence integration by continuing to play a leading and constructive role in European security, while bolstering NATO and the Western alliance through the introduction of a new defence spending target of 3% of GDP.
6. **Develop a realistic and prudent long-term strategy to allow for an active role in the Indo-Pacific** as the world's most important economic hub and geopolitical theatre. This region will provide the ultimate test of a new foreign policy that links trade to security and values and also aims to shape the emerging world order. The government also needs to update its China policy to reflect the new paradigm of heightened US-China great power competition and dilemmas about potential threats to critical national infrastructure. But this should only be done as part of a broader assessment of all aspects of foreign and defence policy.
7. **Keep humanitarian goals as an irreducible component of UK foreign policy but think in a more focused away about how results are achieved.** The UK should play to its existing strengths and traditions and establish itself as a world leader in counter-piracy and counter-trafficking operations and also develop a new cross-government Atrocity Prevention Strategy. Blessed with a generous aid budget, we should continue to see ourselves as a net contributor to better humanitarian outcomes in international affairs – and a burden-sharer with other like-minded nations in the international community – but must prove to an increasingly sceptical public that such efforts are worthwhile and cost-effective.

Finally, **the next Prime Minister should consider establishing a dedicated British Future Unit in Number 10 (alongside a new cabinet sub-committee)**, seeking to bring all these strands together (from national security and geopolitics to economic strategy and new technologies), drawing on the best national expertise (inside but also

outside government) and exploring how best to unleash the full potential of the UK in a changing world. Answering directly to the Prime Minister, the British Futures Unit would provide a creative intellectual force at the heart of government.

Introduction: a moment of reckoning

Brexit has provoked soul searching about Britain's place in the world but – as yet – this has yielded little clarity about the UK's long-term strategic direction. The country faces a number of potentially major foreign policy dilemmas on the horizon – posed by changes in the international order and the global balance of power – for which we are insufficiently prepared.

Partly due to the favourable historical circumstances in which we found ourselves at the end of the Cold War, we have grown out of the habit of thinking strategically and competitively. Many of the assumptions that underlie our foreign policy have become stale. A 'business as usual' approach will not suffice after we leave the EU.

While the government has put forward the idea of 'Global Britain', there remains some uncertainty as to what this means in practice. Now, more than ever, is the time for the UK to undergo a radical re-examination of its national interests and the means by which they are pursued. The UK needs a bold new approach to foreign policy and national security that establishes clearer lines of ministerial responsibility and links together foreign policy and defence, diplomacy, development and trade more effectively.

The following research note makes 8 headline proposals for revitalising UK foreign policy. They reflect a digest of ideas that Policy Exchange has put forward in a series of reports since the launch of its Britain in the World project in 2016.

1. Pursue a grand strategy of 'creative conservative internationalism'

A defence of the rules-based international order sits at the heart of British foreign policy and should remain so. As much as any other nation in the international community, the UK prides itself on the historic – and outsized – contribution it made to the creation of this order arising out of the Second World War. But we cannot afford to be the curators of the old order – side-lined as the old rules are subjected to revision, challenge and change. Instead we must use every aspect of our national power to be present at the creation of the new international order that is beginning to emerge today, while fighting for the preservation of the best aspects of the old.

To this end, the government should adopt an overarching approach of 'creative conservative internationalism' to post-Brexit foreign policy. On the one hand, this means conserving, preserving and defending the best aspects of the 'rules-based international order'. On the other hand, it also means working more proactively with allies to *shape a new international system* that is amenable to the UK's interests and values. That means finding

ways to exert leverage in new geopolitical theatres and thinking more competitively about our place in the world. To achieve this, however, we need vision and leverage.

2. Change the way we do foreign policy: re-establishing clearer lines of ministerial responsibility; and creating a single centre of gravity for all decisions involving diplomacy, development and trade

The Foreign Office has been much diminished over the last two decades. For this reason, the means by which we conduct our foreign policy have also become too fragmented and diffuse. The creation of separate departments of state for international development and trade have stripped out the core competencies of any successful foreign policy – and created bureaucratic silos, diluting overall ministerial responsibility. The budget of the Department for International Development dwarves that of the Foreign Office, creating an imbalance in the heart of government. Under these circumstances, it is no surprise that the Foreign Office has been described – from an array of sources, including a number of former permanent under-secretaries – as an institution in decline, lacking purpose and morale.

In order to address this, the government should restore the position of Foreign Secretary to its true status, as one of the four great offices. It should also empower the Foreign Office to resume its former place as the strategic engine room of UK foreign policy (the centre of gravity for all decisions involving diplomacy, development and trade). The Department for International Trade should be abolished and trade policy returned to the purview of FCO. The government must also seek to bring in more external trade experts to work within the department. Ultimately, the vision for UK foreign policy must come from the Prime Minister and the cabinet; but the FCO should be given the tools to deliver upon that vision.

The existing government commitment to spend 0.7% of GDP on development and aid is something that has come under considerable criticism in recent years. In truth, however, this spending power is something that gives the UK significant leverage in a world in which it is up against rising powers (such as China) prepared to invest huge amounts in infrastructure projects in places like Africa and the Middle East. It has allowed the UK to retain a foothold in parts of the world in which its influence was inevitably much diminished after the dismantling of the Empire. It also has many unspoken success stories to its name, including preventing the spread of disease, famine prevention and achieving better humanitarian outcomes.

Nonetheless, there are two major issues with the way that the UK approaches international development. The first is that there is a crisis of public legitimacy and governmental accountability that is steadily undermining the case of 0.7%. The second, related to the first, is the decoupling of international development from the more specific goals of foreign policy. The creation of the Department for International Development in 1997 has created much bespoke expertise in this domain that should not

be discounted. But it has also led an imbalance at the heart of government, undermining traditional diplomacy, as its operating budget now dwarves that of the Foreign Office by a scale of more than ten to one.

If development spending is to retain public legitimacy, it needs to be linked more clearly to our overarching goals as a nation. The Foreign Secretary needs to be given the tools to succeed in developing a post-Brexit foreign policy. The Department for International Development should be preserved but made subordinate to the FCO. The Foreign Secretary should be given more discretion over its budget and must also have ultimate responsibility for justifying it in public. This is a matter of re-establishing clearer lines of ministerial responsibility in government and a hierarchy for vital decisions relating to the UK's long-term national interests.

3. Change the way we think about national security: moving away from the risk-management paradigm of recent years and reviving the traditions of big-picture and long-term thinking to respond more effectively to the changing world order

In the era after 9/11, our understanding of 'national security' became too narrowly focused on immediate and short-term threats. We became preoccupied with crisis management and lost sight of the way in which the tectonic plates of global politics were changing. In an era defined by a changing world order, and a new era of great power competition, we need to think about national security in a more expansive and less reactive way.

Policy Exchange will shortly publish a major report outlining the case for grand strategic thinking in UK foreign policy. It begins by making the following starting propositions:

- That Brexit requires a major reflection on our place in the world and our relationship with neighbours and allies;
- That some of the assumptions that have governed our foreign and national security policy since the end of the Cold War, and even stretching back to 1945, are due for reassessment;
- That we have yet to fully digest the implications of a shift in the global balance of power towards Asia;
- That there is insufficient coordinated thinking when it comes to the various strands of British influence overseas, from defence to diplomacy and soft power to international development.

Responding to these changes means looking beyond 5-year cycle auditory cycles of the Strategic Defence and Security Review (and associated bureaucratic or intra-service wrangling over resource allocation). Instead it means undergoing a deep examination of the foundational assumptions of British grand strategy.

Such big-picture thinking can be achieved by looking to our past for inspiration. In particular, government should consider the models provided

by the Foreign Press and Research Service of the Second World War, the Future Policy Study of 1960, or the Long-Range Study Groups of the past (discussed in greater depth in a forthcoming Policy Exchange report, *The Case for Strategic Thinking in UK Foreign Policy*).

A model for responding to a changing world order: The Foreign Press and Research Service

During the Second World War, the famous historian and director of the Institute of International Affairs, Arnold J. Toynbee, was asked by the government to lead a major research programme into the changing international order. This grew out of the World Order Study Group established at Chatham House in 1939-40 and eventually became the Foreign Research and Press Service. This tapped into the best and most original thinking about international affairs and directed it towards the national interest. Just as the ideas generated contributed to the creation of the rules-based order after 1945, so we need a similar intellectual effort across government today as a new international order takes shape. This could start with a series of specially convened Study Groups – making use of outside voices and those willing to challenge existing ways of thinking – reporting directly to the Foreign Secretary.

4. Prepare ourselves more effectively for the new age of competition (by investing in net assessment)

A 'Global Britain' engaged in a long-term international competition needs to play a much more efficient and finely tuned strategic game. The UK faces two related challenges: defining and implementing a new strategic concept for 'Global Britain'; and achieving long-term defence planning efficiency. This means sharpening the UK's competitive edge in all domains of national security and defence (particularly space, cyber and artificial intelligence) and improving our tactical effectiveness, strategic self-awareness and knowledge of the strengths and weaknesses of other actors (enemies, rivals and allies).

Net assessment, a framework for strategic analysis first developed in the United States in the 1970s and which has informed US long-range defence strategy ever since, is specifically intended to tackle complex questions of competitive strategy. Policy Exchange welcomes the creation of a new Strategic Net Assessment capability in the Ministry of Defence in the Modernising Defence Programme of December 2018. But more work is to be done. The government should re-examine its current intention of fully integrating the new Strategic Net Assessment capability within the Ministry of Defence's existing strategy-making apparatus. It should instead seek to create a standalone unit that protects the net-assessment process from competing departmental and service agendas, and is able to provide a challenge to existing thinking. The UK should also use net assessment capability to ensure it remains in step with the latest US national security thinking on questions of global strategic competition. (For more on net assessment, see Gabriel Elefteriu, *A Question of Power*, November 2018.)

Sharpening the UK's Competitive Edge

After a post-Cold War interval of hope in a world finally free of great power conflict we in the West must now revisit some of our core assumptions and recalibrate our thinking … A Question of Power makes a compelling case for placing the long term "competitive" aspects of the global security environment at the heart of our strategic approach. This can have implications for how we think about building asymmetric advantages against our adversaries over time, and for how we look at the question of "initiative" in grand-strategic terms.

General the Lord Richards of Herstmonceux, GCB, CBE, DSO
former Chief of the Defence Staff

5. Stay ahead of the pack as the most important player in European defence

The government should ensure that the UK retains its position as Western Europe's foremost military power through the introduction of a new defence spending target of 3% of GDP. The overriding aim of this is to secure the system of collective security – the most important foundation stone of British national defence since the 1940s which has, in the long-term, allowed us to spend progressively less on defence in the last few decades.

There are a number of potential dividends from taking a more proactive role today. First, the UK will be able to bolster and strengthen NATO and the Western alliance at a time that it has come under strain. Second, defence cooperation should set the basis for improved relations with the European Union after Brexit. Third, by stepping up as a more effective burden-sharer, the UK's relationship with the United States will be placed on a firmer footing at a time when this relationship is becoming more important. The UK should therefore discourage any further attempts at against closer EU defence integration that duplicate or compete with the transatlantic alliance.

The UK's relationship with a number of eastern European EU members also deserves renewed attention. These 'new Europe' states constitute more of a coherent bloc than they have for many years, and represent an important new factor in the strategic landscape of the Continent. There are a number of reasons why the UK should seek even stronger relationships with them. First, the UK was one of the main political driving forces behind EU's expansion in Eastern Europe in the first place, so it has existing connections and an element of goodwill to preserve. Second, many of these countries live in fear of a Franco-German rapprochement with Russia at their expense and are naturally looking for alternative sources of reassurance (mainly forthcoming, so far, from the United States).

The government should consider, within the bounds of existing international guidelines, a refocusing of some UK foreign aid in this region. This could serve to offset some of the losses in EU funding these countries will certainly incur after Brexit and would help to strengthen goodwill towards the UK in this part of the world. Furthermore, this approach would assist with the consolidation of NATO's eastern frontier from the Baltic to the Black Sea.

6. Develop a realistic and prudent long-term strategy to allow for an active role in the Indo-Pacific as the world's most important economic hub and geopolitical theatre

The Indo-Pacific region will provide the ultimate test of a new foreign policy that links trade to security and values and also aims to shape the emerging world order. The alliances that Britain has already – defensive, commercial, bi-lateral and multi-lateral – are its best assets in the region. The first priority of UK strategy in Asia must be to ensure that these alliances are maintained and, where possible, bolstered – particularly in South and Southeast Asia.

It would be a mistake to overestimate the UK's leverage in the Asia Pacific, notwithstanding the enhancement of its capabilities. The deployment of HMS Queen Elizabeth in 2021 will not transform the military balance of forces within the region. Nonetheless, such commitments, and the reinforcement of the Five Power Defence Agreement that such naval deployments intimate, do amplify the diplomatic presence that the UK already has in the region. What matters is how such actions fit into the broader alliance system within the region as a whole, and how this is projected within Asia – notably in the South China Sea and in the Indian Ocean – and beyond. The active engagement of the UK reaffirms the fact that there is a perceived community of interest among nations – that are, broadly speaking, liberal, capitalist, democratic and under the rule of the law – that transcends the geographic dividing line between East and West.

The government also needs to update its China policy to reflect the new paradigm of heightened US-China great power competition and dilemmas about potential threats to critical national infrastructure. But this should only be done as part of a broader assessment of all aspects of foreign and defence policy. The UK's China strategy should avoid too much differentiation from the UK's closest allies, such as the United States and must preserve the sanctity of the Five Eyes and Five Power defence arrangements. At the same time, it must be tailored to the UK's own national interests and seek peaceful cooperation and engagement rather than decoupling. It should do more to anticipate future Huawei-style scenarios that aggravate relations with Beijing by establishing clear rules on issues related to inward investment, critical national security infrastructure and the rules-based order.

Britain in the Indo-Pacific

- The UK should develop an Indo-Pacific strategy focused on shaping the regional security environment;
- Such a strategy would require a forward presence in the region – with a base in Australia and access agreements to bases in Japan;
- The composition of the presence should be centred on a flexible, scalable, and sustainable force, drawing upon a core of maritime capabilities;
- The forward deployed force should be centred on an amphibious ship which would be able of covering a wide array of missions, from disaster relief to ensuring freedom of navigation, to be performed alone and with partners, at manageable costs;
- Such a presence should not be seen as a stand-alone set of capabilities; rather it should become the centrepiece of a regionally based set of tailor-made working partnerships with allies; it should be used to conduct a wide array of missions from capacity building and disaster relief to counter-coercion and conventional deterrence;
- The UK's forward presence should aim at a fully-fledged defence engagement portfolio of activities working in tandem with foreign policy objectives – with interactions with all regional actors;
- Such a forward presence should specifically aim at enhancing operational ties with Australia, Japan, New Zealand and the Republic of Korea – in addition to the United States - as well as act as an opportunity for other European actors to engage in regional stability.

Alessio Patalano*, Days of Future Past, *1 April 2019

7. Keep humanitarian goals as an irreducible component of UK foreign policy but think in a more focused away about how results are achieved

The UK should continue to think of itself as a contributor to better humanitarian outcomes in international affairs but must prove to a sceptical public that its efforts are worthwhile and cost-effective.

Policy Exchange has been at the forefront of the argument that it is in our national interest to make sure that we still pursue our values in our dealings with the rest of the world. We were extremely proud to bring together the late Jo Cox MP with Tom Tugendhat for a cross-party report, published in 2017, called the *The Cost of Doing Nothing: The Price of Inaction in the Face of Mass Atrocities.*

As the era of largescale humanitarian intervention is most likely over for the foreseeable future, however, we need to think in a more focused way about how results are achieved. Specifically, the UK should play to its existing strengths and traditions and establish itself as a world leader in counter-piracy and counter-trafficking operations. It should also develop a new cross-government Atrocity Prevention Strategy that anticipates and avoids situations in which external intervention is needed.

This is in keeping with our historical efforts to abolish slavery but also relates closely to our national security in an era in which migratory flows are spiralling out of control (costing thousands of lives and destabilising regional security). At a time when our seat on the UN Security Council is questioned, the UK has an opportunity to take a lead on an international

initiative that has a direct bearing on the global commons and the rules-based order.

8. Create a dedicated British Future Unit in Number 10 (alongside a new Cabinet sub-committee, chaired by the Prime Minister)

Finally, the next Prime Minister should consider establishing a dedicated British Future Unit in Number 10. Such a Future Unit would aim to consider all the dimensions of today's changing world order (from national security and geopolitics to economic strategy and new technologies) and how it affects the UK's long-term national interests. Drawing on the best national expertise (inside but also outside government), it should explore how best to unleash the full potential of the UK after Brexit. It should serve the Prime Minister and restore Number 10 as the guiding light of our foreign policy.

Answering directly to the Prime Minister, the British Futures Unit can provide a new intellectual force at the heart of government that keeps the long-view in focus at all times. It should be a venue to discuss the types of challenges that the National Security Council can only, by its nature, spend a limited amount of time on (such as the multi-fold implications of developments like the rise of China or the impact of Artificial Intelligence).

Alongside this, the new Prime Minister should also consider establishing a new Cabinet sub-committee to provide authoritative political direction for all matters relating to the UK's place in the world (that sit outside the purview of the NSC). This would be chaired by the Prime Minister and involve the holders of the other three great offices of state (Chancellor, Foreign Secretary and Home Secretary). It would be advised by the Cabinet Secretary, the Permanent Under-Secretaries from the FCO and MOD and the heads of the three intelligence agencies. Such strategic direction and coherence has been absent for too long. It can only come from elected politicians.

We have reached a moment of reckoning in our national history. The time has come for a genuinely radical re-examination of the national interest and how we promote it.

£10.00
ISBN: 978-1-910812-80-8

Policy Exchange
8 – 10 Great George Street
Westminster
London SW1P 3AE

www.policyexchange.org.uk