

## Lord Howell of Guildford (Con)

My Lords, I declare my interests as set out in the register, in particular the fact that I am an adviser to two major Japanese companies.

The scope of the report before your Lordships is ambitious, but as we see the world being reshaped around us before our eyes, with a cascade of new consequences for Britain's role, security and interests, your committee felt that ambition was justified. I want to thank members of the committee for their endless expertise, experience, patience and work in putting together this report, and I also thank our brilliant clerks and clerk assistants who also worked extremely effectively to bring our thoughts together.

In the digital age, entirely new issues have emerged for us to address, aside from whether Brexit goes ahead or does not, or whatever happens on that vexed front. Global power has plainly shifted and been redistributed worldwide, and continues to be so, demanding some deep rethinking about our national strategy and the methods by which we implement it. Major developments in artificial intelligence, blockchain technology, quantum computing and many other areas could shift the balance still further.

In one report, although we took quite a long time over it, we plainly cannot reach all the answers, but your committee felt it important to seek to understand better the roots of all these enormous changes and at least to suggest some of the ways we should be heading to preserve and enhance our security, influence and prosperity in utterly changed world conditions.

Our search obviously starts with changes in the world's two largest powers, America and China, and our altered relations with them in the digital age. In the US, we have a president who tweets every morning and favours policies very different from those of the past. Pax Americana is clearly in abeyance, but whether just for now or permanently is something on which our many witnesses had views and disagreed. Our report inclines to the view that the abeyance is part of a permanent shift, while the Foreign and Commonwealth Office and those advising it hopefully argue otherwise. Clearly, our American allies themselves are conscious that their own primacy, their unipolar moment, is now ended, as our evidence and a visit to Washington confirmed. This was quite a strong view. This is now an America with whom we certainly want to be a partner, but not in any way subordinate. Then we have China, whose economy has grown by 10 times

since 1990, lifted by new technology and successive waves of globalisation to the forefront of world affairs.

These developments are shaking to the core the assumptions on which our foreign policy has been predicated for the last 70 years and the assumptions on which the rules-based order in the conduct of international relations and affairs has been based. Neither giant country has accepted things as they were. For example, all the key multilateral institutions of the previous century are now looked at critically by the White House. I am told that the President asks his team every morning why the USA is still a member of the World Trade Organization and still in NATO.

This changed approach is deadly serious for us here. It means that the areas where our interests diverge from America's are multiplying. Unlike America, we do not see high-tech China as the number one enemy, although we obviously have to be cautious; and I agree that when Beijing starts banning "Game of Thrones", things are clearly getting pretty tense. Nor do we see the nuclear deal with Iran as something to be pushed aside, as Washington has pushed it aside. We do not see protectionism and trade wars as benefiting anybody, and the implications for us of shifting Washington views about arms control and nuclear risk, where we are in the direct line of fire, could be enormous.

Perhaps on Russia our views are closer to America's. Here we have Russia, a declining but aggressive nation, still empowered by all kinds of new and disrupting technology, returning as an old foe, although in a quite different guise from the ideological form back in the Cold War. Anyway, thanks to digital technology, we are living in a totally transformed era in which Cold War polarities and analogies just do not apply. The threats now come in a quite new and diverse form.

As for China, its influence is now reaching into our lives and our key national interests daily. For evidence of that, although this has blown up since our report was written, one need look no further than to the ongoing furore about Huawei's involvement in our communications and digital technology, which affects every part of our economy and reaches into the centre of our foreign policy priorities. The impact of this issue on our relations with China and America is sharp and immediate and is a classic example of the major international consequences spawned by the digital age. Apart from that, Chinese technology and investment is already all around us in the United Kingdom. It is taking the lead in our civil nuclear power renaissance, it has invested in our utilities—not to mention our football clubs—and I even read the other day that a Chinese railway company

could be the sole bidder for operating our east coast main line train service, as well bidding for Southeastern and for a role in HS2.

Meanwhile, the belt and road initiative, on which we heard a good deal of evidence—the so-called new silk road in several forms by land and sea—winds through the south Pacific, central Asia, central Europe and is now, I learn, even seeking to reach our country and our historic silk town of Macclesfield, although I am not sure that the people of Macclesfield are very enthusiastic about that.

The digital age challenge is not just from China. The whole of Asia is on the march. Asia now has giant cities with infrastructure and high-speed transport unmatched in the West. Asian middle-class consumption is estimated to grow by \$30 trillion between now and 2030, compared with \$1 trillion—I was going to say “a mere trillion”—in the West. Asia also has the biggest armies, after the US, and is developing new weapons technology based on the microchip, whether it is underwater drones, hypersonic, unstoppable missiles or deeply disruptive cyber capacities. In consequence, the Indo-Pacific region is not only becoming the key world economic zone but also a key global security zone for all of us.

In our report, we tried to ask what all this means for our national policy direction today, our position in this changed world and how we secure and build on it. It concludes that to operate effectively in this new environment we have to combine our military hard power, our technology and our considerable soft power with a new dexterity and agility. We learned in our inquiry that the UK has strong cybercapabilities, but these will be needed to the full as a central part of our defence architecture in the digital age.

Our soft-power kinds of influence and attraction are immense, as in fact a pioneering Lords report on soft power pointed out only four years ago, although that power is not immune from clumsy visa rules and migration policies. However, when it comes to soft power, it is not just a matter of strong support for the British Council, the BBC World Service and plenty of scholarships, vital and highly desirable though all those things are; support is also needed for all the creative industries, as well as for our superb universities, our professional and training skills, and much else besides. In all these things we must invest and invest. On top of using our soft power more adroitly, we have to work harder than ever to uphold the rules-based order, which is under assault from many forces.

We now live in a world of networks, some of which have their own agendas, and we need to be fully engaged with them. Some are new, such as the Shanghai Cooperation Organisation, the Trans-Pacific Partnership, the Regional

Comprehensive Economic Partnership, which brings together all the Asian countries in the world's largest trading bloc by far, the African Union and the Pacific Alliance. Indeed, it has been suggested, and endorsed by the Prime Minister, that we should go further and seek full membership of the Trans-Pacific Partnership. We had a welcome on that from the Japanese Prime Minister, Shinzo Abe, as well.

Some of the groupings underpinning the rules-based order and the pattern of international law are of course the familiar ones of the 20th century, such as the Bretton Woods institutions—the IMF and the World Bank—NATO and the UN, all of which need adapting and reinforcing in the digital era, and to all of which we must contribute innovative new thinking. This, we decided in our committee, is vital if they are to hold together and if the international law which underpins them, and which is the collective world expression of peaceful values and human rights, is to be respected.

One such network, of which we are fortunate to be a member but have neglected for decades, is the Commonwealth. Connectivity and the communications explosion have transformed this nexus of 2.4 billion people with common ties of language, law and values, and have brought it into a third age, far removed from the original 1949 grouping of 70 years ago. I think that then it was just eight countries; now, it is 53. We point out in our report that the modern Commonwealth network also provides a powerful transmission mechanism for our soft power and helps give both a direction and a purpose for our nation at a time when, as we know, both those things are badly needed.

Our approach to the largest Commonwealth member by far—the fast-rising India—needs overhauling. India now has a larger economy than that of the UK and it is the key to the Asian security balance with China. Nor should we overlook the way that IT and the web are transforming other middle-range developing nations, often seen as poor and struggling, into online miracles of growth, development and supply-chain integration—for instance, Bangladesh or, moving to Africa, Kenya and other African societies. A new Africa south of the Sahara is being born and many of its participants are of course Commonwealth family nations.

We conclude that our policy and diplomatic machinery will need a much stronger focus on Asia, Africa and Latin America, however things turn out here in Europe or in the Atlantic alliance. However green we make life here, it is primarily in Asia and the United States that our climate fate will be decided. Whatever we conclude about trade in the European region, it is in Asia—east and central—that

the big trade growth, physical and increasingly in digital and data form, will take place in the next two or three decades.

Meanwhile, we also point out that Europe itself is changing, with populist pressures on all sides, fuelled to a large extent by, once again, the tide of electronic information, mass social media access and unparalleled transparency, and by a consequent huge rise in public expectations that Governments are not fulfilling and, in any case, probably cannot fulfil. Whatever our eventual status vis-à-vis the European Union, we will still require new administrative skills in dealing with this shifting European pattern. There will have to be many more bilateral security and defence links, more immersion in local cultures, more language skills and of course many more skills for running our own trade policy.

The report reminds us that we cannot be blind to the numerous threats to our own democracy that the communications flood poses. Fake news and false alarms are obviously part of the story, but so are narrower forms of nationalism—as opposed to normal patriotism and love of country, which of course are quite acceptable—as well as all forms of highly organised crime and international terrorism. Add to that mix the swollen migrant flows, themselves partly triggered by information access on a scale never before available, and we have the makings of the surging protest against and massive loss of trust in all governing hierarchies—the EU very much included—which fill the scene today and which we read about every day in the papers.

None of that is good for democracy. Democracy today is threatened by algorithmic manipulation and the new weapons of foreign meddling. There is also confusion with majoritarianism, which leads, as we know from history, to new levels of intolerance of minorities and false interpretation of concepts such as “the will of the people”. As Madeleine Albright observed to the committee when we met her, when almost everyone has their own echo chamber, anarchic culture, followed by much worse reaction, cannot be far away.

Finally, we conclude that government machinery is not well attuned to meet these new conditions and dangers. Our FCO, which should co-ordinate the country’s whole international interface and spearhead and safeguard our interests, is plainly underresourced. Every witness confirmed that. Nor are we convinced that the main international departments—DfID, the MoD, the Department for International Trade, BEIS and the FCO—work closely enough together. We found it alarming to see how DfID, with its very extensive budget, still seems to pursue agendas poorly co-ordinated with our foreign and security policy objectives.

It may be that the weak binding link here is the National Security Council. We find its workings much too obscure. We note that the work and activities of the National Security Council in the US are publicly shared and discussed on the media, helping to give a confused country some sense of direction. We could do with some of that here to give reassurance about the coherence—indeed, the existence—of a national strategy. In the digital age this becomes more important than ever and much more difficult to pull together.

Speaking from my own point of view, this report is my swansong as chairman of the International Relations Committee, being duly rotated, and I feel immensely privileged to have helped at its birth and over its first three years. Actually, it is not quite my swansong because the committee has one more big report for debate—on the growing nuclear risk—before the July changeover, and we will also publish two or three shorter ones. I hope the committee is felt to have been useful. I believe it is in this area of wider world turmoil and adjusting to new challenges that the future contribution of your Lordships' committee system can be strongest.

John Maynard Keynes once said that his quarrel was not so much with those who disagreed with his economics as with those who refused to see the significance of what was actually happening in the world around them. It is hard not to feel the same today. If this report lifts even a corner of the curtain on how we adapt to an entirely new cycle in the history of international affairs and in our own national fortunes, then it will have done its bit. I beg to move.

Share

6.09 pm