

**1SL Pre-Dinner Speech to the Cardiff Business Club
St David's Hotel & Spa, Cardiff Bay
1900-2000 Mon 28 Jan 13**

Delivering Security in an Age of Austerity

Mr Chairman, My Lord-Lieutenants, Distinguished Members, L & G,

Thank you Guy for your introduction.....and I'm delighted to be with you all this evening.....to provoke debate around my theme tonight.....delivering security in an age of austerity.

[Strategic Context]

The National Security Strategy (the NSS), published a little over 2 years ago, reminds us that.....“the first duty of Government remains: the security of our country.”

Like most countries, the UK assesses that the future security environment will be one in which the threats are many, varied and uncertain.

One where, as Professor Sir Lawrence Freedman observes, “the extraordinary may not necessarily be the most distant”.

Which is precisely why the NSS has adopted a national security posture of ‘Adaptable Britain’.....so that we can prevent crises from emerging and respond to.....MacMillan’s apocryphal “Events, dear boy, events”.....the emerging situation in North Africa a case in point.

Putting the right military capabilities in place to do both is no easy task.....made no easier in an age we live in of austerity.

Whilst China’s defence budget is enjoying ‘fair winds and following seas’ with annual increases – at least until recently – around 11%.....most western nation Defence Departments are sailing through a fiscal storm.

Since 2008, the majority of smaller European countries have cut their defence budgets by as much as a third.....and medium-sized states by 10 to 15%.

France’s, Germany’s and the UK’s have all been reduced by around 7.5%.....with further implications likely for us following the Autumn statement.

Meanwhile, as the US pivots towards the Pacific, it too is cutting its military cloth by 10%.....with potentially another significant reduction depending on the outcome of sequestration.

All this leaves those of us with responsibility for security and defence with a considerable challenge. That of reconciling the breadth of threat uncertainty on the one hand.....with the depth of fiscal reality on the other.

But despite what some observers suggest, meeting this challenge need not, in my view, mean forsaking national security to achieve fiscal stability.

[Response to Austerity]

Why do I say that?

Well, at the outset, I would make it clear that, from my perspective, austerity does not alter the National Security Strategy ‘Ends’.....ie our level of aspiration in terms of advancing our national values and protecting our national interests worldwide.

Rather, what austerity does do – I would venture – is call for a change of in the approach.

It means that in delivering the NSS, Whitehall can afford only to focus on that which is a priority, a necessity, and delivers greatest value for money.

So, rather than altering ‘the Ends’, austerity alters ‘the Ways’ and ‘the Means’ to those ends.

* * *

It’s fuelling change on a breathtaking scale across the MoD and the RN. Essential change that includes:

- wide-ranging organisational reform.....to align responsibility with resource;
- capability re-balancing for the future.....to ensure Defence has the right blend of platforms and people to meet the most likely and most dangerous threats in the years to come;
- and such change includes redirecting resources to the front line.....to maintain the teeth but with a much smaller tail.

Indeed, by 2020, the military trained strength will have shrunk by almost a fifth.....and the civilian workforce by twice that.

* * *

Austerity also means deepening and expanding the pool of **collaboration**.....within formal NATO and EU frameworks or as part of the now-over-40-year-long membership of the Five Powers Defence Arrangement.....between the UK, Australia, New Zealand, Malaysia and Singapore.

Not to mention our close bilateral relationships with the US, France, the Netherlands and many other allies besides.

After all, for an outward-looking country like the UK – engaged in and exposed to shared global opportunities, threats and interests – it makes sense for us to work with other nations and other navies.

Clearly, closer collaboration includes our commitment to Coalition operations in Afghanistan.....but equally important is our commitment to the ever-growing 27-nation Combined Maritime Force in the Middle East.....the world’s maritime centre of gravity, as I call it, with its trade routes between the Strait of Hormuz and the Suez Canal.

Collaboration is why, as I speak, HMS PROTECTOR, our Ice Patrol Ship is in the Southern Ocean for the Austral Summer.....supporting the peaceable aims of the 50-nation Antarctic Treaty System.

And, for example, it’s why the UK hosts the multinational biannual exercise, Joint Warrior.....the largest military exercise in Europe. The next one, in the Spring, will involve: 18,000 personnel; 40 fast jets; and 55 warships, support ships and submarines.....from over 10 nations.

At the tactical level such exercises improve interoperability.....but at the strategic level they strengthen the glue of collaboration.....trust.

* * *

I think our response to delivering security in an age of austerity is also about making a more imaginative contribution to what is referred to by some as ‘**Smart Power**’.

It’s about forging traditional soft and hard power assets – from development aid to defence diplomacy, and from sanctions to precision strike – to meet ‘those Ends’.

But in my view ‘smart power’ is more than “speaking softly and carrying a big stick”.

It's also about using our power more wisely.

For instance, there's a tendency to view the deployment of the military resource 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 before it becomes a crisis.

In other words, the military must be more imaginative about its contribution in areas such as capacity building and upstream conflict prevention.....the ultimate prize in Defence.

* * *

Equally, our response to austerity also requires us to adjust our approach to how, in the future, we will fight.....as we move from, as the Secretary of State for Defence puts it, "**Campaigns to Contingency**".

It's an adjustment which places a premium upon highly capable, high-readiness forces.

[RN Response]

More parochially then, what might all this mean for the Royal Navy?

Well, under the microscope of austerity we are placing a renewed emphasis upon capability and readiness.....to deliver a credible contingency.....a contingency which demands that navies are forward deployed with the right capability.....able to provide a deterrent effect and respond to the unforeseen.

ie contingent forces.....not garrisoned in Naval Bases.....but at sea, at readiness.....and there to be used.

Furthermore, with austerity acting as a catalyst for greater collaboration, for embracing 'smart power', and for credible contingency.....the broad utility of maritime forces has much to offer. I suppose I would say that wouldn't I.....but let me take you to sea for a moment and show you why.

It's last Summer and we join the 190 ship's company on board the Type 23 Duke Class frigate HMS WESTMINSTER in the Gulf.

Speaking to the sailors and marines, we hear their stories of the Ship on maritime security patrols around the wider Middle East region and on counter-piracy operations in the Indian Ocean.

Not only do we learn of her success in seizing illegal drugs with a street value of 17 million poundsbut we sense their pride in contributing to the international naval effort which has seen pirate activity off the Horn of Africa reduce over 2 successive quarters.

We then embark on the highly capable Type 45 destroyer HMS DAUNTLESS.....on her 7-month inaugural deployment on Atlantic Patrol Task (South) reassurance duties.....to provide capability 'at readiness' within range of our South Atlantic Islands.

And yet the transit to the region also presented a variety of opportunities to support the UK's emerging International Defence Engagement Strategy.

The Ship's Company tell us about hunting drug runners in support of the Lisbon-based Maritime Analysis and Operations Centre for Narcotics.....and about the exercises she participated in with Atlantic-facing NATO and EU nations.

And they enthusiastically explain why they helped 7 West African navies develop their ability to keep the Gulf of Guinea safe.....to improve the security of trade and energy extraction, and of their vital fishing stocks.

We also join the Response Force Task Group (the RFTG), the UK's quick-reaction maritime force.

Conceptually, it consists of a mix of warships, submarines, aircraft and marines.....tailored for task and able to integrate with the other Services and other nations as required.

In 2011, under NATO's 16-nation maritime element, the RFTG helped liberate Libya.....as well as simultaneously undertake national contingent tasking east of Suez.

Last Summer, on the Thames and off the South Coast, it supported Olympic security, arguably the largest peacetime operation in Britain since WWII.

But it's now the Autumn and we join the Task Group in the Mediterranean with our highly-prized amphibious forces embarked. Whilst forward deployed, providing contingency, we witness it developing the Combined Anglo-French Joint Expeditionary Force.....as well as exercising with US and Albanian Forces – interestingly NATO's oldest and youngest members respectively.

[The Approach]

L & G, ensuring that the forces we do have, are used to best effect, is clearly important, especially in such straitened times.....but our success, in terms of "reconciling the breadth of uncertainty with the depth of fiscal reality" will I think depend on our ability to do 3 things.

First, perhaps an obvious point but one which risks being overlooked.....is our ability to **manage coherency**.

Internally, because of the numerous programmes and initiatives across a Defence-wide change agenda to deliver Future Force 2020 we strive for the size and shape of our Armed Forces around that time. Communication remains key. Because, if we lose the coherency here we will be in trouble.

And externally.....because as other nations' militaries adjust their capabilities and readiness, as well as us, we all need to keep talking in order to understand the implications of others' austerity upon our own intent.....and especially so in a more 'dependant' culture.

* * *

Second, we need to strike the right balance between efficiency and effectiveness.....ie **deliver value for money**. As tax payers you rightly expect nothing less.

In recent years, the Royal Navy has been ruthlessly driving efficiency right across its business.

Today there's little distinction between the frontline and the non-frontline.....such is the direct impact that those working in our lean HQs have on our operational output.

Where possible, we have de-latched people from platforms (on our Mine Counter Measure Vessels in the Gulf for instance).....to maximise time on task. The platforms are kept on station for around 2 years whilst we rotate the crews every 6 months.

And we are working even harder to find innovative solutions, like optimising the training pipeline such that every warship and nuclear submarine is a classroom.....as well as an operational platform and expression of UK sovereignty.

All very laudable, but if we are to truly deliver value for money, we must be careful that our pursuit of efficiency is not at the expense of the very operational effectiveness that we seek to enhance.

* * *

Whilst coherency and value for money are fundamental to our approach in delivering Defence outputs, and 'those Ends'.....we must also **maintain long-term ambition**.

Because ambition fuels change, fuels progress and, in the business of defence, fuels military advantage.

Importantly, ambition also keeps us 'intellectually resilient'.....able to retain the 'capability brain' so that we can develop technologies when we are in a position to afford them. My successors will expect me to think in no other form than that.

Ultimately though, maintaining long-term ambition is vital because our measure of success in delivering security in an age of austerity is not just about delivering security now of course.....it's about delivering it in the next decade and beyond.

When the threat environment will be even more dynamic and complex.....and our fate even more closely conjoined with others, as John Donne's invocation – "No man is an island" – rises to a crescendo.

That is not to say that we shall be any less safe.....but the security environment will certainly be less predictable. In part a consequence of the increasing pace of change.

By the middle of only the next decade, the world will be very different:

- with a billion more mouths to feed;
- almost everyone in Africa possessing a mobile phone;
- and China generating around 30% of global GDP.

It will be a world in flux.....as global trends including resource, energy, demographics and climate change converge.....around what some refer to as "pivotal regions".

In other words, regions most likely to generate tensions that impact on our future global security.

They include the wider Middle East, the Asian Meridian, both Polar regions, the Korean peninsula, and sub-Saharan Africa. And with the exception of the latter, they all have a strong maritime dimension to them.

So the future success of nations and navies will I think depend on whether or not they are ready to shape and respond to a smaller world in greater geopolitical flux.

* * *

This is perhaps a good point for me to say a few words about what the Royal Navy is doing to tackle the effects of climate change.

It will inevitably impact on both what we do and how we do it.

Regarding the former, it means understanding the 2nd and 3rd order consequences that climate change could have on livelihoods.

For instance, climate change is predicted to cause fish concentrations to migrate. So what might be the impact on those nations dependent on fish stocks? Will more illicit means of making a living – such as piracy, maritime terrorism or trafficking – become increasingly active?

Equally, if the melting of Arctic Ice continues as predicted by some, the chart of global maritime trade could, by 2030, be almost entirely re-drawn. At a stroke, the passage from Asia to Europe could be reduced by 40%.

Indeed, only 2 months ago, a tanker delivered gas from Norway to energy-hungry Japan via the Northern Sea Route for the first time. Consider the potential opportunity for Milford Haven.

As countries increasingly recognise the benefits that access to the sea bestows.....I find it hard to imagine that we too won't be contributing to maritime security in the High North in the years ahead.

Yet climate change also places responsibilities on us to adjust our own behaviours.....including our approach to the use of energy for example.

With 'sustainability / economy of effort' one of the principles of war.....so we are adjusting our existing equipment to reduce energy useage.....by optimising engines for economy and hulls for speed.

[Closing]

L & G, before I draw to a close, amidst such challenges it is easy to become disheartened by the whiff of Dickensian austerity associated with my theme this evening.

So I want to leave you with just 2 brief illustrations of where delivering security and defence in an age of austerity still has the long term benefit for our nation at its heart.

The first is the investment in **Carrier Strike**.....which will give the UK the capability and readiness that a value for money Defence must provide.....especially when the cost of operating our carriers is marginal (just 1%) to the cost of building them.

In my view, £60M to operate the capability annually buys a considerable amount of international influence.

In just over 5 years from now, 5th generation F-35B Lightning 2 jets will be flying from HMS QUEEN ELIZABETH.....and by the end of this decade, the first operational deployment will take place.

With it, the UK will once again make the most of the utility of air power from the sea.....because from my experience, countries that have carriers use them. And use them to great international effect around the world.

* * *

And because "the first duty of Government remains: the security of our country".....my second illustration concerns, "the UK's ultimate insurance policy in this age of uncertainty"our **nuclear deterrent**. Not only has it provided security – day in, day out for nearly 44 years – for the UK.....but also as part of our contribution to NATO's Collective Defence umbrella.

We must be mindful of the ongoing 'Alternatives Study'.....but one cannot overlook the recent award of initial design contracts to replace the Vanguard class submarine.

And only a few months ago, the Prime Minister reiterated his commitment in the House to, as he put it..... "retaining an independent nuclear deterrent based on the Trident missile system" and acknowledged that, again in his words, "being continuously at sea is a key part of our deterrent."

* * *

To which, in conclusion, I would add that "being continuously at sea" is an important part of conventional deterrence too.....and especially in an age of austerity. For it ensures:

- that the beacon of maritime cooperation burns brighter;
- that we build upon our contribution to 'smart power', especially in terms of upstream conflict prevention;
- and, with navies being 'at sea' and 'at readiness', it ensures that we remain a credible contingency.

* * *

L & G, I finish with a word of thanks. There are 7 warships and 1 submarine affiliated to towns and counties within the Principality. Many of these links are thriving, illustrating the high regard that local communities have for their Navy.....and in particular I am aware of the good work undertaken by the Auxiliary Crews of local business people.....for HMS MONMOUTH, DRAGON and SEVERN.

And more widely, I'm grateful that Wales is embracing the Armed Forces Community Covenant.

It is only through such support, generously given in these and many other ways, that our Armed Forces have the confidence and conviction.....to uphold our nation's values and defend our nation's interests with such courage that they do on a daily basis.

Thank you for listening and I look forward to your questions.