

Think Like a State, Act Like a State

**Scotland and the integrated
review refresh**

Stewart McDonald MP

About Reform Scotland

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Stewart McDonald is the Member of Parliament for Glasgow South.

He served as the SNP's Defence Spokesman from 2017 - 2022, and is a former member of the House of Commons Foreign Affairs Committee. Stewart is also the vice-chair of the APPG on Ukraine and a member of the Interparliamentary Alliance on China.

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Foreword

The role that the Scottish Government and the Holyrood parliament should play in foreign policy is often disputed territory. Should they have any role at all? Some argue that wider relations with the world should be left to Westminster, and that devolved ministers should focus only on domestic issues such as the Scottish economy and the public services.

But in his paper for Reform Scotland – titled “Think Like a State, Act Like a State” – SNP MP Stewart McDonald argues that the international climate is changing in ways that challenge traditional ways of thinking about the limits of devolution. The rise of aggressive authoritarian regimes, coupled with a retreat to protectionist policies by democracies, means that domestic and foreign policy are interlinked more closely than they have been for decades. McDonald believes that whoever becomes Scotland’s new First Minister must show they understand this challenge, and have a compelling strategy to address it.

In his five years as the SNP’s defence spokesperson at Westminster, McDonald proved himself a significant thinker on military and foreign affairs, and did much to enrich his party’s positioning in both areas. He has been a strong supporter of Ukraine from the very beginning of the Russian invasion, and a leading advocate within the SNP for an independent Scotland to remain under the NATO umbrella.

His call for the new First Minister to develop a foreign policy strategy, and for the leadership candidates to explain what this might look like, raises an important issue at a timely moment – one that speaks as much to the future of devolved Scotland as it does to the SNP’s preference for an independent state.

One of Reform Scotland’s roles is to be a home to a wide variety of voices, offering a range of ideas for discussion among the nation’s wider policy community. We are delighted to publish this thoughtful and provocative paper.

Chris Deerin
Director
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Introduction

The Integrated Review was published by the UK Government in March 2021 in an attempt to anticipate the threats and challenges the United Kingdom may face in the coming decade. It was out of date almost as soon as it was published and, correctly, a “refresh” was announced within 18 months.

Putin’s illegal invasion of Ukraine in February 2022 represented an existential challenge to the rules-based international order and transformed the global security landscape. The image of tanks rolling across mainland Europe harks back to an era many had thought was long gone, while Putin’s disinformation machine and the impact of the conflict on energy markets make this a crisis that reaches into every home.

The economic assumptions that underpinned the Integrated Review have also changed significantly. With volatile levels of inflation and foreign exchange rates, the UK Government risks struggling to fulfil the aspirations of the original paper; while the pervading unwillingness to mitigate the ongoing damage of Brexit means that the economic forecast looks increasingly bleak.

On top of this, the growing economic and military might of authoritarian regimes; increasingly protectionist policies of major players such as the EU and US and the mounting threat of climate change have resulted in a world plagued by ever-greater trials and tribulations. Scotland must decide what part it wants to play in an environment wrought by such challenges, and the Scottish Government must recognise that these are reflected in people’s daily lives.

The blurring of lines between foreign and domestic policy has never been more apparent. Immediate domestic concerns such as the rising cost of living can be traced back to geopolitical changes, with the increasing weaponisation of interdependence and hostility to Western interests forcing countries like Scotland to look inwards and shift domestic policy accordingly.

The person who takes on the mantle of leading the Scottish Government and the Scottish National Party must therefore outline how they see Scotland’s place in this brave new world – not in a jingoistic, Johnson-like manner which is centred around strength and power, but by demonstrating a comprehensive understanding of this country’s place in a world where states are more insular actors on the world stage and dominant geopolitical entities increasingly weaponise their economic prowess.

Scotland is already an international actor. Our NHS relies on medical staff from abroad, our universities attract students from across the world, and our businesses export far and wide. Our place on the global stage is already reflected in our domestic institutions, therefore as geopolitics shifts so too must the governance of Scotland. Both must adapt for modern times, and the Integrated Review refresh offers the perfect opportunity for Scotland’s next First Minister to make explicit their vision of Scotland as a flourishing society and good global citizen.

The return of conflict in Europe

The UK Government's attempt to use the previous review to project hard power across the world while neglecting partnerships and security interests in our own back yard has been shown up as a major strategic error. No number of platitudes will change the simple, geographical fact that these islands' security is best guaranteed under the aegis of the twin pillars of the Euro-Atlantic security order: the European Union and NATO.

Whilst clearly the UK is not going to re-enter the EU any time soon, it is in the entire UK's interest to seek a comprehensive defence and security treaty with the union. The return of mainland warfare to Europe has reaffirmed this, making the amorphous nature of project 'Global Britain' clear as day.

In failing to address threats closer to home, despite warning signs from Russia being apparent for years, the UK became complacent in its approach to foreign policy. The original Integrated Review described Russia as a hostile power, echoing the words of the Intelligence and Security Committee's Russia Report, yet not one of its 21 recommendations on countering this threat had been implemented when Russia began its full-scale invasion of Ukraine.

Scotland must not replicate that same complacency now, at such a crucial time. We are at an inflexion point, and the cold, hard reality of the world we are now living in has made it clear that we in Scotland cannot continue our long period of geopolitical slumber, opting out of global affairs because of our small size or using the devolution settlement as a reason not to engage in this debate, as the opposition parties do so lazily.

The world is changing around us, and we must change with it. It should become the norm for future administrations in Edinburgh to assess the threat posed by hostile foreign states here in Scotland and lead a policy debate about the role our institutions can play in countering that threat.

The war in Ukraine should be a wake-up call for governments world-wide to engage with the vastly different international arena emerging before us: we are living through a time when the political and economic structures of the 21st century will be born. Scotland must help shape them.

A North Atlantic Neighbour

The Indo-pacific tilt outlined in 2019 looks increasingly outdated. It is an amorphous policy for which the UK is neither militarily nor economically prepared, and any attempt to overlook our relationships with our closest neighbours risks leaving us increasingly adrift and isolated at a time when the UK should be seeking to build bridges.

The Windsor Framework will hopefully be a confidence building measure that can help improve UK-EU relations, making the pursuit of a formal defence and security treaty between the UK and the EU easier to approach. Such an agreement would be to the benefit of all involved as it would strengthen the European security architecture at a time when it is under considerable strain.

Nevertheless, hostility towards Europe continues in much of Whitehall and Scotland's foreign policy debate must provide an antidote to this. The next leader of the SNP must be steadfast in their belief in the established European and western order, specifically the twin security pillars of the European Union and NATO, recognising the importance of these alliances to our economic and military security.

The new Scottish Government should continue to demonstrate the importance of Scotland's relationships with international partners to our economic and geopolitical interests and work to strengthen these, as has been done in the case of our relations with Arctic nations and institutions.

Napoleon Bonaparte once said, "If you know a country's geography, you can understand and predict its foreign policy." The next First Minister of Scotland should work to upgrade Scotland's foreign policy debate, amid such a changed international context, in a way that reflects our geography and size as we look to our future as a North Atlantic state.

International issues should not be a novel topic of discussion for Scotland's First Minister, and our new leader, whoever they may be, must mainstream them in domestic governance.

The UK's Role on the International Stage

The UK must reassess the kind of international actor it wants to be if there is any chance of addressing the multitude of threats to our Western security order. Although the ill-defined Indo-Pacific tilt is a strategic mistake for a middle-power such as the UK, that is not to say that it should write off the importance of the region and its players, not least when it comes to China. The UK cannot overlook the behaviour of the soon-to-be world's biggest military power, as it did with Russia.

With China's rhetoric and behaviour becoming increasingly aggressive in relation to Taiwan and the liberal order, the ruling Chinese Communist Party shows no sign of bowing to international pressure to respect the fundamental human rights of its citizens. This makes European and like-minded alliances crucial, as collaboration and cooperation will be of greater strategic importance given China's economic and military might.

Whether it's in our financial institutions, our universities, or the use of covert policing outposts – as has been alleged in the case of China – the Scottish Government should enhance its work as a public security actor. This requires greater activity to counter things like foreign influence and disinformation, while also expanding and developing Scotland's national resilience – where the Scottish Government already has a strong record on which to build.

The UK must also urgently reaffirm its relations with the Global South and Middle East regions. Neither were much discussed in the previous review, and yet they are of great importance when it comes to threat multipliers such as climate change, and since the UK bears significant responsibility for ongoing conflict in the region it has an international duty of care.

To omit the strategic importance of these regions would be a mistake. The UK must consider how to reinvigorate political and humanitarian relations, including recommitting once again to spending 0.7% of GNI on foreign aid.

The cut in the aid budget not only presents a risk to UK and European security by creating an opportunity for authoritarian countries such as Russia and China to use their economic might to grow their influence; but it diminishes the UK's international standing even further, with the UK Government having neglected it in the intervening period between the Integrated Review and this refresh.

Aid spending is a totem of how we see ourselves in the world and we cannot neglect it. Britain's role as an international actor has already been severely damaged, and the UK Government cannot continue to neglect its duties to those most in need.

Former First Minister of Scotland Lord Jack McConnell established Scotland as a global player in international development and did so because he recognised it was in our interest and a reflection of our values. This has been continued under Lord McConnell's successors and will be an area of strategic importance for the next First Minister.

Defence

As we consider Scotland's place in the world, there are broader concerns around the UK Government's approach to defence, with Scotland's role being more important than ever.

NATO is crucial as Europe's first line of defence, and it is welcome that there is broad cross-party agreement on this in Scotland. NATO and the EU buttress the Euro-Atlantic security order and Scotland's interests are best served as a full and active member of each organisation.

Whilst Scotland remains a part of the UK, it is plainly in our interest to push for a comprehensive defence and security agreement between the UK and EU. It is vital to have the closest possible relationship between NATO and the EU, and Scotland's next First Minister should not shy away from making that case publicly and with confidence.

Domestically, the UK Government must detail how it plans to translate its aspirational language from the Integrated Review into practice, not least in the face of a global inflation problem which has the potential to limit its ability to expand capabilities and modernise the armed forces.

The planned cut to the overall headcount of the army by as much as 10,000 troops should be reversed in the upcoming refresh. The Ministry of Defence must also look at modernising the armed forces as an institution, with a focus on improving terms and conditions for serving personnel and giving urgent attention to the experience of women in the armed forces.

It is deeply concerning that, when asked if the UK armed forces have the ability to fight effectively and enduringly in high-intensity peer-on-peer conflict, Defence Secretary Ben Wallace stated that "Overall, we could do it. Could we do it enduringly? Not with the stocks we have, no."¹ The UK's equipment and ammunition stock is widely seen as inadequate, and with a land war being waged in Europe and the number of security threats increasing, remedying this should be the highest priority.

Whilst our commitment to Ukraine cannot and must not waver, the UK must continually assess the impact the war is having on equipment and capability, as this will change as the war grinds on and our military support for Ukraine adapts. The UK and its allies must be cognisant of stockpiles as we continue providing ongoing assistance to Ukraine.

Russia's invasion of Ukraine reaffirms the need to maintain our conventional means of defence and security, and the UK Government must be cognisant of this. It is widely believed that many stocks are run down to such a great extent that the UK may reach a point where it struggles to provide military aid, potentially even putting at risk the UK's ability to contribute sufficiently to NATO.

¹ International Relations and Defence Committee, November 1st 2022

Scotland is home to a thriving defence manufacturing sector which must play its part in bolstering these security capabilities. The new First Minister should enhance the relationship with the sector, which is well known for its track record in innovation and delivering highly skilled, well-paid jobs here in Scotland. We must ensure this national strategic asset has the necessary support and is recognised for its value by the Scottish Government.

The State of the Global Economy

Beyond the UK's foreign policy and defence posture, and central to how those can be delivered, the economic underpinnings of the Integrated Review have materially changed.

With inflation over five times the rate it was in March 2019, and the myriad of supply chain issues caused by the Covid-19 pandemic and Russia's invasion of Ukraine, the global economic headwinds make improving the security environment that much harder. These conditions require all politicians, including the next First Minister, to acknowledge the confluence of foreign and domestic policy and act accordingly.

Such economic challenges will put pressure on international cooperation. Nowhere is this better encapsulated than in the landmark US Inflation Reduction Act, a bill passed last year that will, among other things, target \$391 billion in spending on a clean-energy transition, with similar ambitions for bringing complex chip manufacturing back onshore, flexing American economic muscle in the pursuance of geopolitical strategy.

Europe has been jolted into action and is bringing together its own comprehensive plan to shape similar future industries, with subsidies and incentives for companies and states within the European Union.

Deglobalisation continues at pace, and Rishi Sunak has already sounded the alarm at the obvious potential for Britain to get crushed between these two tectonic plates, with whatever competitive advantage the UK had now fading into memory.

As global players enact increasingly protectionist policies, the impact on Scotland's energy, technology and research sectors, to name just a few, is far from negligible; and if we want the UK Government to recognise Scotland's unique national interests, so too must the Scottish Government.

This set of circumstances is redolent with political opportunity to make the case for independence, and Scotland's next First Minister needs to be a vocal advocate for our unique economic and national interests, which requires a comprehensive strategy to navigate this change in the geopolitical landscape. The existing devolution settlement does not reflect where Scotland sits in this new global context, and we cannot be afraid to push and test the boundaries of devolution in pursuit of our own economic and national interests.

It must not be controversial for Scotland's First Minister to embed and mainstream a recognition of how the international context in which we find ourselves greatly impacts domestic decision-making at the very top of the Scottish Government. To do so would not only improve our approach to domestic governance but reinforce our vision for Scotland as an independent, European state.

The Confluence of Domestic and Foreign Policy

The blurring of lines between foreign and domestic policy underpins many immediate concerns about a whole range of domestic economic and cost of living issues. But whilst geopolitics can explain many of the challenges in European capitals right now – including Edinburgh and London – Brexit, and the short but disastrous premiership of Liz Truss, have also played a significant role.

The extreme form of Brexit that has manifested in UK Government policies over recent years in which the UK is outside the single market and customs union has led to wages and productivity growth slowing, as well as a fall in investment.

High levels of inflation and worsened exchange rates will also make it more difficult for the UK Government to deliver the Defence Secretary's commitment to increase defence spending to 3% of GDP by 2030 without additional funding. It will also be more difficult to address long standing problems in our defence capabilities, not least the need to invest in the defence estate and accommodation for members of the armed forces and their families.

The UK's exit from the EU has been disastrous on all fronts, and there is no indication that either of the contenders for Government at Westminster plan to mitigate these ongoing impacts by leading the UK back into the single market or the customs union – quite the opposite.

This comes at the worst time in the geopolitical cycle, as deglobalisation hastens an end to the world that the Brexiteers wanted to take advantage of – a change neatly encapsulated in the bible of Washington international policy, Foreign Affairs, last year by the Financial Times' associate editor, Rana Foroohar: "Globalization has crested and begun to recede. In its place, a more regionalized and even localized world. Faced with rising political discontent at home and geopolitical tensions abroad, governments and businesses alike are increasingly focused on resilience in addition to efficiency."

Issues such as the climate, energy, and the cost-of-living crisis can be traced back to several geo-political factors, such as Russia's illegal invasion of Ukraine, Covid-19, and Brexit - none of which are immaterial to Scotland. As the evolving nature of global security increasingly threatens our domestic agendas, William Gladstone's third Midlothian Speech is one to keep in mind, "Here is my first principle of foreign policy: good government at home."

The fact that domestic policy is no longer so distinct from foreign policy also highlights the uniqueness of devolved administrations' foreign policy interests and the inadequacy of the UK FCDO in advocating for them. For the devolved governments to fully promote their own agendas abroad, they should enjoy unfettered and unconditional access to diplomatic and consular services, including use of embassy buildings and resources for the advancement of their government's legislative agendas and national interests.

In the meantime, the next First Minister should scope out strategic opportunities to cement our reputation as a problem-solving nation: a cooperative and strategic partner that has lots to offer in many fields as we approach the dominant political challenges of our time.

Scotland's opportunity

So, what next? Whilst those in Westminster trot out tired clichés such as the current Government's "Global Britain" or Labour's "Britain Reconnected", those in Scotland should be looking to develop a strategy to comprehensively address the challenges that the new geopolitical reality poses.

We have seen already how the global cost of living and food crises have been exacerbated by reliance on Russian oil and gas, as well as Ukrainian grain. It is vital we recognise what this would mean for our society should such dependency continue, and those wishing to lead need to consider how they would address this.

Hostile states are increasingly moving beyond conventional threats, weaponising interdependence and exploiting any failure to build our national resilience, leaving us increasingly vulnerable. It is vital the next administration in Scotland develops a comprehensive strategy for its dealings with authoritarian states, for example leading the debate about the relationship between our world-renowned higher education institutions and the world's largest authoritarian regime.

If there is one lesson that we must learn from the war in Ukraine, it is that we cannot rely on authoritarian regimes to underwrite key sectors of our economy and wider society, in the hope of guaranteeing our long-term prosperity. The next First Minister must recognise the now all-encompassing nature of contemporary conflict and competition and seize the opportunity to rethink how Scotland engages with that modern reality.

The presence of cities, regions and stateless nations on the international stage are simply "a fact of life in an interdependent world", as Czech politician and scholar Ivo Duchacek noted. Such thinking demonstrates the need, even prior to independence, for candidates to be the next First Minister to consider and show awareness of how they can use the mechanisms available to them to address such thinking across Government departments.

Conclusion

As the United Kingdom approaches its refresh of the Integrated Review, and Scotland prepares to welcome the sixth First Minister of the devolution age, governments across these islands would do well to keep William Gladstone's first principle of foreign policy in mind: "good government at home."

To define your foreign policy, you must first articulate your domestic interests and values. And whilst the UK Government should use the Integrated Review for some soul searching and an honest assessment of the United Kingdom's place in the modern world, the new Scottish First Minister must similarly use this moment to start a thorough conversation about Scotland's global footprint.

The three candidates now have an opportunity to engage in a mature, national debate about how the Scottish Government will deal with global and European issues that have such great impact on the Scottish people.

This is not only in our interests, but in the interests of our allies and partners. It is vital that the next First Minister can author a bold, comprehensive and pragmatic strategy to project Scotland's interests and values in a world that is ever-changing and more complex and is underpinned by a keen understanding of the interplay between domestic and foreign policy. The moment demands nothing less.

