

**Working Together For A Better World
Plasht School, Friday 20th December 2002**

Thank you for inviting me here today to give the keynote speech at the beginning of what promises to be a stimulating and thought provoking day.

This period in our history is characterised by a remarkable globalisation. The decisions made by an Investment Banker in New York affect a coffee-picker in Columbia, just as an IT developer in Australia has an impact upon a computer shop owner in Newham. Cultures from different parts of the world now mix with one another like never before. You can go to a McDonalds in New York, Nigeria, New Zealand and Newham. Last week I was in Japan, and the British company Vodafone is as well known there as Sony and Nissan are here.

As time goes on, you can travel through more and more countries just speaking English. You can make friends from all four corners of the globe. This is interdependence. The world is now a single global community in which we all rely on each other for our own well being. I think this globalisation is a great opportunity. Thanks to improved technologies - such as the Internet and air transport - we have never before been in a better position to tackle the world's problems. We can now easily find out what's really going on in poverty-stricken nations, and in countries whose citizens are being oppressed by tyrannical regimes. We can see that the condition of Africa is a scar on the conscience of the world. And we can set about doing something about it.

As the government minister at the Department of Trade and Industry responsible for both e-Commerce and Corporate Social Responsibility, I have come across a great many examples of how globalisation can tackle poverty. For example, I've heard about a woman in Kancheepuram in India who makes hand-woven silk saris, each one taking a month to make. She used to only just make ends meet by selling her saris to a middleman for a low price, who in turn sold them to shops in Madras for a much higher price. But a few months ago she signed up to an Internet store, "IndiaShop", which allows her to sell saris directly to customers anywhere in the world. She now earns much more and is no longer reliant on the middlemen. So globalisation can contribute to the liberation of women, and others who have had a raw deal in the past.

I visited India in October and saw for myself how international trade in IT is bringing new opportunities and the chance to overcome poverty. I went to Bangalore and visited the campus of the superb software company Infosys. 6000 very highly skilled people work there and 90% of their work is for customers in the United States and Europe. It struck me as a great example of how trade between countries can help both. There are many services for people in Britain which, thanks to technology, can perfectly well be carried out now in India or Pakistan or Sri Lanka. And we can all gain if they are.

But globalisation makes it easier for people to do bad to each other as well. We saw that on September 11th last year, this year in Bali and Mombasa. Globalisation brings great dangers too. So in the UK we have had to tighten our own laws to combat terrorism. And with the current efforts to make sure that Iraq does not possess weapons of mass destruction which could terrorise the rest of the world, Britain has been able to help make sure that those efforts are being pursued through the United Nations, representing all the nations of the world, and not just one or two nations. And I continue to hope that we can find a resolution over Iraq which avoids war. If we can't, then whatever action is taken does need to be taken through the United Nations as it has been until now.

We need these measures to combat the threat of terror in the short-term, but in the long term the best way to tackle those wanting to wreak havoc is by harnessing the potential of globalisation. By this I mean that we need to look closely at the world and find out what it is that is making people commit acts of terror. We must harness our potential to understand different people, different beliefs, different ways of life, and different cultures. And that is possible because we all share one global community.

People who commit acts of terror are acting out of desperation at the situation of themselves and their people. They want to cure the world's ills but have been wrongly told that the only way to do this is by inflicting pain on others in an act of supposed revenge. I believe that in the end what we need to fight if we are to do away with terrorism is poverty, oppression and ignorance across the world.

One major source of great tension in the world at the moment is the situation in the Middle East. Israel continues to violate United Nations Security Council Resolutions, and to make illegal incursions into Palestinian territory. And at the same time suicide bombers continue to kill innocent people in Israel. Each side is inflicting unimaginable horrors on the other, in a futile circle of revenge. This needs to be brought to an end.

People in Israel and people in Palestine need to sit down together, recognise that both peoples will continue to live in the region, and hammer out a stable peace that confirms a secure Palestinian territory alongside Israel. That is why Tony Blair has offered to help in bringing peace to the Middle East and to chair a peace conference. But we can't do anything unless the Israelis and the Palestinians want peace. If they can get the ball rolling Britain will certainly do everything it can to help bring about peace in the Middle East.

And we need to be prepared to help in other places where there are problems too, as between India and Pakistan over Kashmir. And where there is real progress towards peace, for example in recent weeks in Sri Lanka, we should be prepared to help make the most of it by encouraging investment and new prosperity which will allow the peace to be locked in.

Britain is also making real progress in helping development. Since 1997 we have increased the aid budget by 45 percent not including inflation, and by 2003/4 we will be spending £3.6 billion per year on aid. We have committed more than £500 million to support education, and we have allocated over £1 billion to improve healthcare. Two years ago, Gordon Brown announced that Britain was cancelling the debts of the 41 most indebted countries, allowing them to spend the proceeds on the reduction of poverty. He has also introduced a tax-credit to encourage drug companies to increase research into AIDS, TB and malaria. We have also contributed £250 million on combating HIV/AIDS and promoting sexual and reproductive health. In that way we can contribute to tackling the problems of disease which are ravaging Africa in particular. And we do have a responsibility in Britain to do that.

We have responded rapidly and effectively to humanitarian disasters, most recently in India, El Salvador, East Timor and Kosovo. Our investment has been significant: in absolute terms of cash spent, the UK was the fourth largest donor country in 2000 after Japan, the United States and Germany.

We have made a start, but we need to continue. We are pressing developing countries to pursue corruption-free policies for stability, for opening up trade and for creating a favourable environment for investment within their territories.

In return the developed countries should be prepared to increase aid by \$50 billion a year in the years to 2015. We are also committed to full trade liberalisation, which could lift at least 300 million out of poverty by 2015. By removing barriers to trade, developing countries would gain an estimated \$150 billion a year. In this case, free trade is fair trade.

I believe there is more companies can do to help, and as Minister for Corporate Social Responsibility it is my job to help them to do it. There are some good examples of it happening. The Ethical Trading Initiative includes major UK retailers with a combined annual turnover of more than £100 billion. They have drawn up a base code which they seek to ensure all the companies who supply to them comply with, in every part of the world. The code is based on the principles set out by the International Labour Organisation - and it stipulates for example that every employee in a supplier company should be free to join a trade union, is paid in accordance with a fair minimum wage for that company and so on. This is proving a very effective way to raise standards of employment in developing countries. There is a rigorous enforcement procedure, and if companies do not meet their obligations then they will be ejected from the Initiative.

Another example is the Fairtrade Foundation. With the international price of coffee at an all time low, many coffee farmers in the developing world face financial catastrophe. The Fairtrade Foundation sets out what it describes as a fair price for coffee - above the market price, and stable - so that whatever the conditions in the international market growers will receive a price for their produce which will enable them to make ends meet and provide adequately for their families. Coffee which has been procured in this way is then sold in the developed world with a "Fair Trade" mark, often at a higher price than the regular product, but many consumers are willing to pay more because they know that the growers have been fairly paid. In the Department of Trade and Industry, where I am a Minister, we now insist that all the coffee we buy is Fair Trade coffee, and we are encouraging companies to take the same approach. The Fair Trade approach is being applied to other products too - to tea, chocolate, wine and fruit. You can find fair trade products in our local supermarkets.

I've touched on two of the main problems that I feel we need to tackle in the world today: political conflict such as that in Middle East, and the poverty of the developing nations. It's clear that despite all that we are doing we need to do a lot more if we are to get anywhere nearer to a more just world.

But briefly consider this. Since the dawn of time battles have raged across Europe. The Twentieth Century was the bloodiest of all of them. In 1914 and again in 1939 all the forces of Europe turned against one another. Millions upon millions died. Grievances were bound to last. In 1945, as an Iron Curtain descended across Europe, the divisions were confirmed. Europe was surely doomed. The continent was poverty-stricken and - with the USA in the west and the USSR in the east - bracing itself for war again. But then France and West Germany shook hands and became friends. As did many more of the countries Germany had occupied in the Second World War. Just over a decade ago the Berlin Wall came down. Two years ago a single currency was adopted by most of the nations of Western Europe. Then, last week the green light was given to the enlargement of the European Union to include ten more nations, the bulk of them from Eastern Europe. Stretching from Lapland in the north to Malta in the south, from the coast of County Kerry in the West to the Black Sea in the East, this New Europe will contain over 500 million people, a political and economic entity bigger than the USA and Japan put together. This achievement is truly historic - the more so because it is coming about peacefully and democratically. The New

Europe is being created by free will - not conquest; spreading equality and justice - not domination and exploitation. Where there was once division and suffering, there is now unity and prosperity. Europe is a success story. It shows what can be achieved if we work together. It shows that we can overcome anything if we are determined.

So as we look at the wider world and consider the great many problems that we face we need to remember what's being achieved in Europe. Because if we harness the greatest opportunity of globalisation - the ability to work together - then we can make the world a much better place.

Thank you