Mr. Mayor and Mr. Foreign Secretary;
Thank you very much for the warm words that you have both made to me.

May I also thank the Overseas Club for their invitation to me to address you tonight and for having made the arrangements. I think as I stand here feeling rather intimidated by my surroundings, I should say a special word of thanks to Dr. Voscherau for having allowed us to use this grand hall. As we came in at the bottom, I asked him who were these men getting in boats on the far panel and he explained to me that these were the Angles going on their emigration to Britain in the 5th century. It is a matter of great regret, Dr. Voscherau, that all my embassies are fully appointed and staffed at the present time because I think somebody who has the diplomatic skill to describe the arrival of the Angles in Britain in the 5th century as a mere emigration is somebody who deserves appointment as an ambassador: It is, of course, a very early demonstration of the powerful ties between our two countries and between the northern coast of Germany in particular, a tie formed on the common seas between us. It is perhaps ironic, given that tie across the water, that this afternoon Dr. Kinkel and I were unfortunately unable to carry out as planned a sailing trip on the nearby Sea, the waters were too choppy for us to risk two foreign secretaries. Europe might have withstood the loss of one foreign secretary but two would be too heavy a price for the General Affairs Council! However, I am pleased to report that in our meetings there were no choppy waters but only plain sailing.

Germany was the country I came to on my very first foreign visit as Foreign Secretary after my appointment in the first week of May. On that occasion, I had my first discussion with Klaus Kinkel, I am pleased to say that over the months since we have become not just colleagues but friends with a strong common agenda. In particular, I believe that the strong language that both of us have used on behalf of our two countries in relation to Bosnia is one of the reasons why truculently, reluctantly, all too painfully slowly, the leaders of that country are now starting to implement the Dayton Peace Accords.

I am glad to be back again in Germany. I know only too well that you cannot understand a country by only seeing its capital city, indeed I am bound to say as a foreign secretary you are doing very well if you can see the capital city. I am now an expert on the motorways between the airport and the town centres all round the world, I can judge the quality of a country’s environment and its socio-economic progress by what I can see on the road from the airport. I am therefore particularly pleased that I have this opportunity to visit such a powerful city in Germany as Hamburg, a major industrial and trading centre, on where there are 6 000 British citizens working in the industries of this town, a powerful tribute to the common industrials and business links between the region of Hamburg and the economy of Britain.

Germany is Britain’s largest market and Germany is the largest investor from Europe in Britain. There are now 180 000 British citizens employed in Britain by German companies; conversely, there are 1 000 British companies who have subsidiaries or plants within Germany. We have two economies now heavily intertwined with each other, not dependent on each other but gaining in extra strength from that mutual investment in each other’s economy and this afternoon Dr. Kinkel and I visited Airbus which is a striking example of how working together our two countries and our neighbours France and Spain can form an industrial strength which none of us could achieve working on our own, the kind of collaboration that Europe needs to achieve if we are to succeed in competition with other larger countries even further away over the sea than Britain.

I have been invited to address you tonight on the New Labour Government
and what it is doing for Britain, it may be unworthy but I suspect possibly also in the hope of some insights into that New labour victory of 1 May. It would of course be totally improper if I was to express any partisan comment on domestic German politics; if, therefore, my subsequent observations offer any insight as to why that New Labour Government was elected or why it is so popular, I offer them freely to all parties represented in the hall for what use they can put them to!

I think in fairness one should say that when we woke up on the afternoon of 2 May having not gone to bed during the night but managing to make it there in the morning, we ourselves were surprised how well we had done. Indeed, it appears that the nation was rather surprised because the opinion polls that have been published since our election victory show that four million more people think they voted Labour on 1 May than actually voted Labour on 1 May. There has been a suggestion we might seek a recount to see if we could get some more seats!

I would also say in warning to our other political parties in Britain that that election we regard not as our last victory but as a staging post. One of the key elements to the strategy that has been adopted by Tony Blair since the election is that we will seek to be there for more than one term in order that we can carry through the bold and ambitious programme that we have for Britain. What is that programme? Let me deal with some of its domestic agenda before I turn to Europe:

First of all, we are determined to bring to our people in Britain the opportunity of skilled work and also the opportunity of a secure career. It is fair to say in fairness to the previous Conservative Government that at the last election the British economy was doing well in terms of its performance on many of the known indexes but that strong performance was not being fairly shared. The Britain we inherited has one of the highest levels of inequality, a greater level of inequality than any of the continental countries, a greater income spread even than North America.

One of the reasons why the New Labour Party was endorsed by the British people was because of our very powerful commitment that we wanted to create an economy run not for privilege for the few but to provide opportunity for the many and we see the key to provide that opportunity as providing skills for our workforce, making sure that we are able to provide both a workforce that is competitive because it is skilled and also security to the individual because that individual can face technological change with confidence and accept the challenges for the new industries. That is why Tony Blair has famously said that the first three priorities of our Government will be education, education and education and that is why in our budget Chancellor Gordon Brown provided extra money for education and for the Health Service and I say with some regret as Foreign Secretary for no other department but it is a bargain I accept because if, through that greater investment in education, we can strengthen our economy and provide greater opportunity for our people, then I am confident in the fullness of time Gordon Brown will find some way to reward the Foreign Office.

Secondly, our next priority is to tackle social exclusion. One of the major problems that all the European nations face is that our societies are in danger of drifting into division between the one-third of society which does not have secure employment, which goes in and out of casual, low-paid, unskilled employment and the two-thirds of society who are relatively secure, relatively affluent and have access to private pensions, to the pursuit of the goods that come with a relatively good, secure income. There is a danger in that division that you end up with a fractured society, that you end up undermining the fellow-feeling, the solidarity that that gives a nation or a society strength.

Both the previous speakers have referred to the tragic loss of Princess Diana and the immense outpouring of grief and sense of loss among not just the British people but among many other nations as well. I believe that Princess Diana touched such a nerve among our public in Britain because she herself was such a clear, strong example of humanity, because she herself was so humane both in her concern for those who were less fortunate and also in her
willingness to show that she herself was a vulnerable human being with faults. No political force should seek to capture that spontaneous, powerful sense of grief among the British people over the last ten days. However, we can reflect on what it was that motivated millions of people to demonstrate their grief together in one way or another and I do think that one of the lessons we can learn from a spontaneous outpouring of grief which surprised I think most people, even those who took part in it, is that those taking part did seek a sense of identity, did want together to show some solidarity, did find consolation for their loss in the common purpose of coming together to express their grief and did also commemorate and celebrate Princess Diana for the work she had done for those in our society who were least advantaged and often most vulnerable. It has been a demonstration of the extent to which there is across our nation still a very powerful sense of common feeling of solidarity, of shared social purpose and I hope that out of Britain will be able to build a whole society without division and without conflict between us. That is one of the reasons why we are so anxious to make sure that all members of our society in Britain have an opportunity to participate in it, have the chance of working in it, can feel that they have a sense of identity and a place in our society.

We have recently set up a unit specifically to look at the problem of social exclusion, in particular to look at the problem of all the young people who are not given a fair opportunity to participate in our labour market or to obtain access to a skilled job because quite often the present inflexibility of the labour market can make sure that those who are young do not get fair access to work. That is why we are providing funds to make a special effort that the long-term, young unemployed should have access to skills and from those skills should have access to a job.

We are taking the very clear ideological perspective that individualism and individual creativity and individual aspiration are essential to building a modern economy but alongside that individualism for the individual to truly thrive and have opportunity, the individual must be within a strong community that is committed to building a healthy society and that brings me to the next major feature of our commitments.

We are offering an approach to society which is inclusive, not exclusive. We are basing it on a politics which is cooperative, not confrontational. I think one of the reasons why Labour did so well on May 1 is because the British people had become rather weary of political confrontation. You will all recall that Lady Thatcher was our Prime Minister for a long period of interesting years in our relations with the European nations. Mrs. Thatcher had immense strengths one of which was the courage with which she rode out to slay dragons. After eighteen years, the British people had become weary of a politics of slaying dragons particularly since they often found to their surprise that they were on the side of the dragon.

In pursuit of political confrontation some damage was done to our fabric, our public services suffered from confrontation between central government and local government, our democracy suffered from dissent being banned throughout the public service, our international standing suffered from the use of the handbag instead of the hand-shake as the hallmark of diplomacy.

Part of what we said before May and a large element of what we have sought to do since May is based on the proposition that working together we can do a lot better. That is why we seek a different social model, one which we call the „stakeholder society“ in which everybody has a stake, in which everybody is involved. It is not a soft option. On the contrary, it is based on a hard-headed assessment that in the 21st century competition will be based on the skills, the technology, the innovation of the workforce and that the most successful companies of the next century will be those companies that have the most skilled and creative workforces. If the workforce is the prime asset of the successful companies of the next century, then it is important that that workforce feels it has a stake in the company, that it also has ownership of the strategy of the company and that relations between it and management and owners is not one of confrontation but one of partnership in which the work-
force can be confident that they will share fairly in the rewards of the company as well as the risks.

The use of the word „partnership“ brings me to the last of the domestic agendas on which I want to touch. Part of achieving a partnership society involves creating a genuine, more pluralist democracy. Dr. Kinkel referred to the fact that this week in my home area of Scotland there is a referendum on whether or not we should create a Scottish parliament. It is true, Dr. Kinkel, that many of my colleagues are in Scotland campaigning in the referendum and let me just say for the avoidance of doubt in case I am accused by any British journalist here of dodging the column, I have done my bit, I have managed to make sure I got my tick for attendance before I came abroad again but I am confident of the result. The result will be a „yes“ vote for a Scottish parliament. That will be good for my own country because it will enable us to ensure that public services delivered to the people of Scotland are delivered by people elected by the people of Scotland but I think it will also be good for England and for Britain as a whole because one of our key criticisms of the British state which we inherited is that it is overcentralised, that too few people at the top take too many decisions and there is too little freedom for local communities to exercise discretion over the decisions that affect their own locality.

I have now been a Member of Parliament for over twenty years. I have to tell you that the British Parliament suffers from serious overload, it resolves all issues from town planning up to nuclear defence. It is an important for the health of that Parliament as it is for the health of democracy at a lower level in our society that we devolve and decentralise power from the House of Commons, from Westminster and from Whitehall and I believe that Britain is moving in the direction of much of the rest of Europe in developing a model political development based on a Europe of the regions.

I would also say that we are looking at our voting system. The first-past-the-post system is one that is well understood by racing tipsters such as myself but it is not necessarily the best basis on which to reflect the wishes of the electorate. We notice that all the countries of Central and Eastern Europe have adopted new democratic constitutions but in doing so none of them adopted the first-past-the-post system as their electoral system. It is a striking tribute to the commitment of the Labour Party to democracy that although we ourselves benefited at the last election so immensely from the first-past-the-post system, we are committed to giving the people of Britain a vote in a referendum on the adoption of a proportional system of election to the House of Commons in Westminster.

I am tempted to say that these changes towards a more devolved system of government, towards a more proportional system of election, might possible make Britain rather more like Germany in its constitution. I would temper that observation by saying that of course the irony is that Britain played a part at the end of the last war in helping to draft that German constitution. It is perhaps unfortunate that it has taken us fifty years to learn the lessons of how successful that was as a political economy.

But the biggest area of change that has been registered in the world outside Britain by the arrival of the New Labour Government has been the change in our policy towards Europe. Let me say straightforwardly at the start that I detected in the two previous speakers nuances in the debate on the single currency. I am far too diplomatic to tread into any debate in my host country, Britain has a sufficient military tradition for me to appreciate the dangers of being caught in a crossfire.

Let me therefore simply repeat that the British position is that as a new government we have many priorities and many preoccupations. Our Prime Minister has said that we will at the end of this year make a judgement on whether or not we wish to join in the first wave of the single currency. However, it is unlikely that we will be able to take the decision to go ahead in that first wave. There is one consequence of that that I wish to address tonight.

Britain will take over a President of the European Union in January of next year. There will of course be a key period for decisions on that first wave of
the single currency. I give you an assurance that whatever decision Britain makes about whether or not it will take part in that single currency, as President of the European Union we will honourably carry out our duty as Chair to make sure we facilitate the wishes of those other countries that may wish to proceed with the first wave.

Secondly, I would ask you to appreciate that if we do not choose to enter in that first wave it is not because we lack commitment to the European project or to the European Union. On the contrary, we won the last election partly because we strongly and firmly rejected the narrow nationalism of some elements of the Conservative Party who looked back to past glories rather than to the future of the European family of the next century. That model of a nationalist nation state worked well in the 19th century of Britain – it didn’t always work so well for the other countries we encountered in the process of the 19th century but it worked well for Britain. It is not a model that can work well for any country in the 21st century.

As we enter that century, we see a world in which contact, communication and trade between nations is exploding. Trade is increasing at double the rate of industrial output around the world. The communications revolution means that you can now transmit the whole of the Encyclopaedia Britannica to the other end of the globe in a matter of a few seconds. The ticketing for many European airlines is now handled through computer terminals in Bombay. We have a baker in South Yorkshire who has just hired fifty extra staff because of his success in selling baguettes in Paris.

In that modern world what is the key to success is not your location but your ability, your skill and your enthusiasm of making sure that you are plugged in to a global economy and there are other pressures that oblige nations today to cooperate together.

Let me name just one other and that is the instability of our global climate, our discovery that when nations in the southern hemisphere chop down their rain forests it affects our own weather here in a different hemisphere, that if we are to survive we need new models of international partnership to stabilise the global climate that we all hold in common.

Success in the last century came from how strong you were as a nation state. Success in the next century will come from how strong are the alliance and partnerships you build with other nations and for Britain that process of building alliances and partnerships must start in Europe and that is why in a very short period of time the New Labour Government has transformed our relations with the European Union. Within the first weekend, we committed ourselves to signing up to the Social Chapter; at the Amsterdam summit only a month after we were elected, we committed ourselves to a whole range of measures to provide for a stronger treaty including tougher language on the environment. Indeed, if I may say so without giving away any secrets, I think on the issue of qualified majority voting we found we took a position that was a little bit more advanced than that of Germany.

We want the European project to succeed because we understand that Britain cannot be prosperous if Europe is a failure. That is why we approach our negotiations with our partners in Europe as a partner, not as an opponent, seeking to do business and to get a deal rather than to block business and to end in stalemate.

I want to turn to what is to me and to many of my party an area of concern. If the European project is to succeed, then it is vital that it should carry legitimacy, the legitimacy of public support and public understanding of what we are doing. If I have developed one area of concern about European politics in the short time in which I have been Foreign Secretary, it is that I have worried that the image we often provide through television and through our newspapers of the European Union is a gathering of top politicians to talk about the obsessions of top politicians on institution-building and voting procedures. We developed a whole jargon which only we understand. At one of the European summits, one European leader mentioned that he had just visited his elderly father who had been reading in the paper that when we got to Amsterdam we were going to pillar-jump by taking some of the issues from one pil-
lar and jumping them into another pillar and his father asked him: „How do you do this pillar-jumping when you go to these European summits?“

We have to first of all express what we are doing in the language of the common people and more important than that, we have to demonstrate that what we are doing at those summits is relevant to their lives by showing that it can deliver real benefits to their quality of life, that it is necessary for us to work together in Europe if we want to have a better environment because we all suffer from each other’s pollution; that it is necessary for us to work together in Europe to set minimum standards at the workplace so that as increasingly our people move from country to country to work, they will enjoy the same rights in whichever country they go to; that it is essential for us to work together in Europe if we are to beat the drugs trade which operates at a multinational level and has integrated at a rate which no political party would dare suggest – since they are international, our response must be international; that it is necessary for us to work together at a European level to open our doors to the East and bring in the new democracies of Central and Eastern Europe so that we can deliver stability to our people, stability in a region of Europe which has twice brought Europe into world war.

And most important of all, it is necessary for us to work together at a European level to provide jobs for our people by completing the Single Market so that there are no obstacles in the way of what will be the largest single market anywhere in the world, larger even than North America; that we should cooperate together between our governments to make sure that our economic policies reinforce each other and do not undermine each other; that we should work together at the European level to share innovations so that each of us can learn from the success of each other in measures that do successfully tackle unemployment. That is why it is so important that we have that European summit addressed specifically to the issue of jobs and unemployment so that we can demonstrate to our peoples that when we meet in those summits we are addressing their concerns and the problems that are relevant to their lives, not the problems that are relevant only to politicians.

As I said earlier, Britain will become President of the European Union early next year. We are determined to do everything we can during that British presidency to demonstrate that together we can build a Europe for the people and of course there is no more important gain or precious gift that Europe offers our people than the gift of peace. I am conscious I speak in Hamburg and I am conscious that nobody in Hamburg needs to be reminded of the immense damage, destruction and suffering that comes when peace is undermined and war takes its place.

My generation has learned something that would have been a paradox to our grandfathers: we have learned that by bringing down barriers between our nations we have actually achieved greater security and a greater guarantee of peace than we ever did when nations armed and confronted each other across frontiers in Europe. We have also learned that by opening our economies up to trade we have created greater prosperity for ourselves than in the days when we sought to protect our own market from foreign trade. The European Union is delivering to our people both peace and prosperity of a kind which previous generations would have yearned for but never had the guarantee.

As we enter the next century, it becomes all the more important that we work together to make sure we reinforce that prosperity and that we dig deep foundations for that peace. Working together is not a task we should undertake with reluctance or truculence, it is a task we should undertake with enthusiasm and confidence and I believe that if two great nations such as Britain and Germany can demonstrate to our peoples that we can build a European Union which yes, respects our own proud, separate identities and cultures but also at the same time delivers benefits of relevance to the lives of our citizens, then we can make the creation of the European Union a legitimate and popular task among our peoples and I would assure you that you will find the New Labour Government a willing partner in that enterprise.