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Speech at the Chamber of Commence in Delhi

21 January 2008

The Prime Minister has spoken of the "new and deepening relationship" between the UK and India at the conclusion of his two-day visit to the country.

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Prime Minister:

Can I start this morning by saying what a pleasure it is to be with so many distinguished representatives of British industry and commerce and so many distinguished representatives of Indian business and commerce. The fact that so many of you are here this morning working together on a common agenda shows that the shared ties that link our countries together are strengthening and I believe will strengthen even more in the years to come.

I am delighted to have been introduced by Kamal ... who is one of the great successful Trade Ministers round the world. With his new book published only a few weeks ago in India and then in Britain - 'India's Century' - he has done what many professional authors fail to do throughout their whole careers and write a best selling book. To be both a best selling author and a successful Trade Minister is an achievement indeed. I congratulate him on the ideas that he contributes to the world community and for the work that we are doing together to fashion I hope in the next few weeks a trade agreement that will open trade in all areas of the world to the benefit of every part of the world.

I am also very grateful to be here at the invitation of the Federation of Indian Chambers of Commerce and by the Confederation of Indian Industry. And for a speaker to have addressed the Confederation in Bangalore only last year and to have been invited back again a year later is a great honour indeed.

It is a privilege for me to be here in India today. India not only has so many ties of history with Britain, of which we are very proud, but now stands as a shining example to the world of our shared faith in free institutions, free markets and free societies. It is amazing to see at first hand, as I have over the last day, the astonishing pace of change in India even over the last year; to sense the real dynamism and excitement that it is generating, to witness the vibrancy and potential of this vast country whose long march to liberty is now being matched by your rapid march towards prosperity.

I believe there is a prize for all of us in a confident 21st century India, working with a confident 21st century Britain, in an equal partnership and an alliance that is founded on shared values - the world's largest democracy and one of the world's oldest democracies, cooperating together in harmony for the mutual benefit of us all.

Now I am here to speak of what we can achieve together in the years to come and of a new world and of a new time and India's rightful place in it. Winston Churchill, made a resolution late in life, he changed his resolution from his previous one, never to drink before lunchtime. He then changed it to never to drink before breakfast. But he actually said: those who build the present in the image of the past will miss out entirely on the challenges of the future. And my deep conviction is that India and Britain together can have a shaping influence for the future for both progress and justice in the emerging global economy.

We will do that if we think boldly about the opportunities ahead. My theme is how by working together and advancing a plan to reform our international institutions we can ensure that globalisation brings prosperity, justice and opportunity not just for some people but for all. A globalisation that is founded on open markets, free trade, flexibility and investment in the skills of people and in a new relationship between rich

and poor countries working together.

I want to describe this new world order and the new global society that we can become. Not a world of the old rules that only grudgingly concedes and then comes to terms with what is the fact of life, our growing interdependence, old institutions simply trying to catch up with change. But more positively new rules that embrace a new sovereignty for an independent world with international institutions forged in the 1940s renewed for our times and re-tooled for the new challenges ahead.

More than 150 years ago the then British Foreign Secretary, George Canning, said that he had called the new world into existence to redress the balance of the old. And my starting point is that same theme. These dramatic and seismic shifts in economy, culture and communications that are coming to revolutionise the global distribution of wealth, of status, of power and influence and creating, in Tom Paine's words, the world anew.

And in this new era as you look round the world sometimes the only certainty appears to be uncertainty, the only guarantee that there are no guarantees, the only constant difference, the one constant theme - change.

But just look around us. With wave after wave of globalisation shaping the architecture of a new economy that is for the first time truly global, we are in fact undergoing in the rise of Asia the biggest shift in the balance of economic power in the world in two centuries. And out of these global flows of capital, of goods, of services and ideas, you - India - have been making your powerful contribution, growing for most of this new century at the rate of at least 8% a year. In just 15 years you have doubled your national income, your share of world exports has doubled too. You have lifted 20 million people, and more, out of poverty. In less than three decades from now you will be the world's third largest economy. You are already the fifth largest market for telecommunications, reflected in the number of people now interested in developing your telecommunications industry from Britain and elsewhere. You are the fourth largest producer of medicines in the world, the third largest market for new aircraft, the second largest producer of software applications, and you are seen worldwide as the first choice for information technology in many industries.

And let me therefore congratulate India and Indian business and commerce on achievements that are fully acknowledged throughout the world, that no global company can be truly global unless it is based with operations here in India.

And the global flows of goods and services are now connected to further great changes at work that we must acknowledge before we look at how we can reform our global rules and institutions. We now see the global mobility of people, 200 million people each year, the size of the population of Brazil, leaving their own countries in search of a better life; the global movement of disease that can be swiftly transmitted from an isolated place on one continent to any place on any continent; the global impact of inequalities, a world of plenty, however 2.5 billion people live on less than \$2 a day. And although we have a plan to eliminate the illiteracy of young people by giving every young person the chance of education and a plan to cut infant and maternal mortality, we are 30 years behind in our goals for 2015 in health, and 85 years behind in our pledge to educate every child.

And of course let us remember the changes that threaten the world and make it more unstable, unsustainable and unfair. Having lived through what we said to ourselves were unrepeatable tragedies in Rwanda and Bosnia, we are now witnessing the sorrows of Burma and Darfur. We see around us the first climate change droughts, and soon we will see the first climate change evacuees and climate change refugees. And every day we face, not least here in Asia, the new threats of al Qaeda, the Taliban and global terrorism.

That leads us to meeting these new global challenges, the global challenge of climate change, already having pervasive and prolonged consequences for eco systems, food, water supplies and indeed human life itself. And we know that environmental degradation is intensifying the competition for natural resources that has set off a new scramble for access to oil, water, forests, fish and other natural resources.

And this new gathering of forces, the ascent of new economic leaders, the increasing movement of people, the rise of fragile states and non-state terrorism, the growing global development emergency, the relentless competition for natural resources, all these changes force us to delineate what is the right framework, not of a new order

already made, but a new order that is permanently in the making. And the real issue for us is whether in this new world, characterised by the interdependence of one separate individual's cultures and traditions, and characterised also by people who are no longer isolated, now mobilised and through the internet and other multi-media means driving change themselves. We can, on the basis of these shared values, transform what is a global collection of states into a global community of shared interests and destiny, indeed a shared and truly global society.

300 years ago John Donne said no man is an island. He said also any man's death diminishes me because I am involved in mankind, and he was writing in defiance of a world and a time which had more reason to think of itself just as individuals pursuing their own ends. But as he suggested, in the world of 2008, our self-interest and our shared interest should be seen as one and the same. Just as in my view the nature of both our greatest possibilities and problems, from the economy to security and the environment, is transnational, so the solutions to these problems must transcend borders. And only with the best international institutions, that promote cooperation out of shared interest and predictability and accountability, can large numbers of states consistently work together for the benefit of all.

To succeed now and in the future, the post-war rules of the game, the post-war international institution, fit for the Cold War and for a world of just 50 states, must be radically reformed to fit our world of globalisation where there are 200 states, an emerging single marketplace, unprecedented individual autonomy and the increasing power of informal networks across the world.

Our inspiration should be the achievement of the post-1945 era. Those visionaries who built out of the ruins of war for their time and for their generation not simply a new military and political settlement that guaranteed peace. But also with the World Bank, the International Monetary Fund, the creation of the United Nations they built new rules and new institutions for an international economy and community. And these great visionaries, the architects of the post-war world, understood as we now do that like peace, prosperity is indivisible but to be sustained it has to be shared and that to achieve this goal requires public purpose and international action on a global scale.

And such was the break in 1945 with a past of protectionism and isolationism that Dean Acheson, the American Secretary of State, recalled that he had been present at the creation. Today our ideas should be as powerful as then, our vision as comprehensive, our determination this time truly global.

So the task ahead is to agree for our times and this new global economy the rules that can make globalisation a force for hope and progress, for people from Birmingham to Bangalore. To make these global rules work we need global institutions that recognise the need for prosperity to underpin peace, the need to protect the environment and tackle global poverty, the need to deal with those areas of disorder and the agents of terrorism.

Let me say that we can and must do more to make our global institutions more representative. I support India's bid for a permanent place at the United Nations Security Council and to work with others on an expanded UN Council. And I support changes to the World Bank, the International Monetary Fund and the G8 that reflect the rise of India and the rise of Asia.

Now the first change we must consider is reform of our international rules and institutions to reflect the urgency of tackling climate change and global poverty. So we move from the important breakthrough to which India contributed at Bali last month, to a post-2012 global climate agreement. We must devise in the interests of business and commerce, as well as in the interests of citizens in all countries of the world, a framework that benefits the world's poor as well as it develops in emerging nations.

Finding this low carbon pattern to growth should also be seen as an opportunity to innovate and to market new technologies. And there are many companies here this morning who are doing exactly that by reducing the costs of these technologies and sharing them. Not least through the global carbon market that we propose, enabling developing countries to leapfrog the already industrialising countries and move straight to a cleaner and greener future.

There is an urgent need for financing sustainable environmental development in developing countries. So while we will strengthen the World Bank's focus on poverty and on poverty reduction, the World Bank's capacity and its global reach should make

it also for the first time the World Bank not just for development, but the World Bank for the environment and ensure that its development programmes provide an integrated approach for tackling both poverty reduction and climate change.

I propose as a first stage to creating this World Bank for development and the environment building on our new International Environmental Transformation Fund which we have created in Britain and is worth nearly \$2 billion. I propose the creation out of that of a global climate change fund, a multi-billion fund operating within the World Bank's clean energy investment framework that is designed to finance low carbon investment, sustainable forestry programmes, adaptation in all parts of the world, and climate resilience development in the poorest countries. And for the first time we will recognise therefore in an international institution the urgency of tackling climate change and environmental degradation.

So my vision is a new international framework for providing climate change assistance from the developed to the developing world and a change which can reduce environmental degradation and increase prosperity for all.

Now the second major imperative for reform of our international rules and institutions is that we find new ways of dealing with global financial turbulence and find new ways to securing a global prosperity that benefits not just some, but all. Let us remember that the International Monetary Fund and the World Bank were created for the age of sheltered nation states. But they now have to change if they are to be properly equipped for a world where national problems, as we have seen over the last few months with financial turbulence spreading out of America and affecting the whole of the world, where national problems can quickly become global problems too, where contagion can move as swiftly as the fastest communications.

Financial markets and capital flows have been transformed by globalisation, and so I propose that the international institutions recognise that change and renew themselves accordingly. I propose that the IMF should act with the same kind of independence as a central bank in a national country. It should make its focus the surveillance of the global economic and financial system, its role should be to prevent crises and not simply to manage or resolve them as in the past. And in a wider role the IMF, working with the global financial stability forum, should be at the heart of what we need - an early warning system involving regulators and supervisors in all countries for financial turbulence affecting the global economy. And because a lesson from previous crises, particularly the Asian crisis of 1998, was that healthy economies can benefit from the assurance of support against contagion, the International Monetary Fund should look to develop a financial instrument that is able to provide the insurance to well managed economies against sudden reversals of capital flows.

And we should as a result therefore examine the respective roles of the International Monetary Fund and the World Bank in low income countries so that their work is properly strengthened and coordinated, instead of being seen as different silos working apart.

Now the world is not properly equipped either to respond, as we must, to the spread of weapons of mass destruction. We have seen the rise of non-state terrorism, the threat to civilians during conflict and from genocide, and the need to rapidly underpin peace with support for reconstruction. So it is time also to set a new and ambitious agenda to prevent conflict and to stabilise and to see reconstruction in what we have seen far too often - failed and failing states. And facing serious challenges from Iran and North Korea, we must send a powerful signal to all members of the international community that the race for more and bigger stockpiles of nuclear destruction is over. The expiry of the remaining US-Russia arms deals, the continued existence of these large arsenals, the stalemates on a fissile material cut-off treaty and the Comprehensive Test Ban Treaty must all be addressed.

And let me say today Britain is prepared to use our expertise to help determine the requirements for the verifiable elimination of nuclear warheads. And I pledge that in the run-up to the Non Proliferation Treaty review conference in 2010 we will be at the forefront of the international campaign to accelerate disarmament amongst possessor states, to prevent proliferation to new states, and to ultimately achieve a world that is free from nuclear weapons.

Around the world we are already seeing new interest in nuclear power as a source of energy supply and this increased interest in civil nuclear power also brings with it increased risk of proliferation for military purposes. So we want to press ahead for

early agreement on a new IAEA-led international system to help non-nuclear states acquire the new sources of energy they need, including through an enrichment bond for uranium. And this offer that we want to make to non-nuclear states is one that we will make only in return for firm commitments to the highest non-proliferation standards. Because the threat and proliferation of weapons of mass destruction is now compounded by the continuing proliferation of conventional weapons, and we know that one person is killed every minute from small arms, Britain will also work internationally to achieve a global arms trade treaty.

Now there is no excuse that justifies terrorism, no cause that can ever sanctify it, no way to appease it, and our task is to defeat it, not only in our own countries but across the international community. So Britain and India will continue to stand together, in the words of your Prime Minister, in a coherent global effort with shared perspectives and commitments to combat terrorism wherever and whenever such attacks take place. To ensure that there is no hiding place for terrorists I propose all countries strengthen the network of global law enforcement, and the network of authorities, intelligence agents, police and financial regulators working in cooperation together.

I also propose we strengthen the collective efforts we have to prevent and respond to the breakdown of states and societies and the anxiety that we have that in different parts of the world a failed state can harbour terrorism and be a source of disorder that can spread right across the international community. The new idea of responsibility to protect that was reaffirmed at the 2005 World Summit of the United Nations, subsequently endorsed by the Security Council of the UN, recognises that where populations are being threatened by genocide, ethnic cleansing, war crimes or crimes against humanity, and the state is either unwilling or unable to halt or prevent it despite prior or early warnings, the responsibility to act falls to the international community. And this includes building the capacity of vulnerable nations to prevent conflict within their own borders, equipping them to uphold the rule of law and human rights and encouraging civil society, training police forces and other civilian forces, and training of course security forces too.

But today the international community, more than 50 years after the creation of these great international institutions, has no concerted mechanism to support peace keeping, regional peace keeping bodies, including that of the African Union, meaning that deployment can be slow even when conflicts and problems occur. And there is limited value of course in military action taken internationally to end fighting if law and order does not follow with a mechanism for achieving it.

There is no surer way however of bringing people together and preventing them from returning to conflict in fragile states than giving them a stake, political, economic and social, in the peace that we wish to follow.

So I believe we have got to do more to ensure rapid reconstruction where there are conflicts and we need to combine traditional peace keeping and stabilisation with recovery and development for countries that are coming out of conflict.

So I propose a series of changes which I believe would make a difference in the way we deal with fragile states and conflicts that happen in so many parts of the world. UN Security resolutions should authorise peace keeping missions must also kick-start reconstruction, stabilisation and development. One envoy should be given authority for coordinating peace keeping and recovery in immediate post-conflict periods. We should bring together for example British police, and Australian Judges, and German lawyers, and Indian civilian forces, and many others. We should constitute with them rapid response teams of judges, police, trainers and other civilian experts who can work on the ground to help put countries on the road to economic recovery and political stability. And we should constitute so that we make conflict less likely and deal with it more rapidly through a UN crisis prevention and recovery fund to provide immediate support for reconstruction and I will be asking the UN Secretary General to launch an appeal to raise the new funds for that enterprise, to which Britain will contribute.

We must also recognise in the modern world the place and power of civil society, the media, the whole of the private sector, faith groups and of course the worldwide web as drivers of what the world will become and we must respond accordingly.

We know that people have more access to knowledge and more ability to communicate with others than ever before in our history. We know there are more pathways through multi-media mechanisms to send people's views, more ways not just to know

what is happening even in a country where there is censorship, but demand change and critically the power to be heard across the world as the technology of truth constantly out-paces the tools of repression. The days when sentries could stand over fax machines and prevent information entering a country are over and the power of the internet means that views can be expressed to ...[inaudible]... in a way that repressive regimes cannot control. And anyone on a mobile telephone or on the internet, or able to send email or set up a website, is now part of the shaping of this new world. A world where we can rightly talk not just of the wealth of nations but of the wealth of networks, a form of wealth that is shared more widely than ever before.

So at this time when power is more dispersed than ever before, people are more literate than ever before, populations are more demanding of what change can become than ever before. And we have the global reach of companies like the companies that are so well represented here today. Britain and India's influence will come through our joint values and our shared ideas and our commitment to foster and promote progressive coalitions of democracies and civic societies.

If you take a campaign like Make Poverty History, which was so prominent in Britain, or the Jubilee 2000 Debt Campaign, it showed the potential for broad movements for change just as every environmental and ecological campaign is showing us with its worldwide reach today. And the alliance of faith, NGO and other groups is decisive in mobilising millions of people who seek to change the world.

We now need to go further, calling into being beyond governments alone a sustaining global partnership for development. Harnessing not just public will and resources but the energy, the ideas and talents of young people, of the commercial sector aware of the importance of these issues, the talents and the abilities of NGOs and faith groups and people everywhere.

And that is why Prime Minister Singh and I have signed up to the call to action on the Millennium Development Goals. We have both committed our governments, and I believe we are speaking for both of our societies, that we will work together in a coalition with businesses, and NGOs and civic societies to make 2008 a turning point in the fight against global poverty.

Today I have tried to set out some of the big changes that we need to make in the way our institutions work. These proposals for the way forward are not a uniform multilateralism but a diverse and rich multilateralism for a new global society that is founded on many international institutions working for the common interest, and grounded in rules that we can agree and share in common.

So I don't envisage the next stage of our world as a world founded on the narrow and conventional idea of isolated states simply pursuing their own self-interest, this world would be at best a new world order that falls short of our best possibilities and leaves us all potentially vulnerable. Instead I see a world that harnesses for the common good this growing interdependence of nations, cultures and people and makes a truly global society come into being for the first time. And I believe that only in this way can globalisation, which I define as open markets, free trade, flexibility, investment in the peoples of the world and a new deal between rich and poor, and only in this way can globalisation become what it could be - a force for justice on a global scale.

And I also believe that India and Britain, with our great heritage of democracy and our record of progress in a globalised year, can be leaders in securing and shaping this new global society. And my talks with Prime Minister Singh last evening convinced me that India and Britain can make a huge difference by us working together to advance this reform agenda. I look forward to continuing to work with Indian business and the Indian government on these transforming ideas, to convert them into real change in the months and years ahead, to create a new International Monetary Fund for the modern world, to create a new World Bank that can meet the environmental challenges as well as the development challenges, to create a new United Nations that can meet the challenges of rebuilding where there are conflicts and where there are fragile states in need of international assistance and support.

And it is because we have seen that conflicts that exist can be resolved, that climate change can be tackled, that financial turbulence can be addressed internationally, that there is an urgent task before us. When the need is pressing, when it is our generation that is called on to make the changes, when the time to make these changes, not least on the environment, is now so short, the simple question we must ask is a question put by an American President: if not now, when, if not us, who, if not together, how?

And the answer must be to resolve to live to the timeless call of Mahatma Gandhi when he said that the future depends on what we do in the present and he said, and this must be the call to action, we must be the change we seek to see in the world.

Thank you all very much.