

Thanks to the CEU for making the DPM and the rest of the ODPM team so welcome in Berlin!  
The DPM's speech is given below.

All the best

Julian

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**Deputy Prime Minister:**

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It's a great pleasure to be in Berlin. I want to thank Dr Manfred Stolpe [Federal Minister for Transport, Housing and Construction], for welcoming me to his Ministry today, especially in the middle of an election campaign!

Over the first day of this conference, you've heard how the great city of Berlin - which was cut in two by fear and ideology for 45 years - has become the focus of a remarkable programme of regeneration and renewal.

It's a reunited capital, in a reunited Germany, in a reunited Europe.

Berlin shows how superb new architecture can lift confidence in our cities and give people a real sense of pride in where they live.

I call it the 'wow factor' - and I'm delighted that Britain has brought a bit of 'wow' to Berlin with our new Embassy building, and I'm looking forward to seeing the rebuilt Reichstag with Lord Foster's amazing spiral staircase.

Today, we have a number of American friends with us, and I want to take this opportunity to express our solidarity and compassion after the havoc of Hurricane Katrina.

As a European negotiator at the Kyoto climate change convention, I was fully aware that climate change is changing weather patterns and raising sea levels.

The horrific flood of New Orleans brings home to us the concern of leaders of countries like the Maldives, whose nations are at risk of disappearing completely.

I'm proud that Britain has already achieved its Kyoto target on greenhouse gas emissions – 6 years ahead of time, with a growing economy.

There has been resistance by the United States Government to Kyoto - which I believe is wrong.

On a recent visit to the United States, I was delighted to see that city mayors are taking their own environmental initiative on Kyoto.

This year, 178 mayors, representing over 36 million Americans, have signed up to the goals of Kyoto – along with 60 Mayors from cities like London, Shanghai, Moscow and Rio, who have agreed to take 21 practical actions on energy, waste, urban design, health, water and transport.

It's a truly global initiative by cities.

A recent report by the United Nations claimed that cities consume 75% of the world's natural resources and produce 75% of its waste.

50% of all humans will be living in cities - compared to just 15% a hundred years ago. In 1950, 83 cities had a population of over a million, and now it's over 400. This mass urbanisation is one of the greatest challenges facing the world today.

Across Europe we have created superb towns and cities, and not just for the last 30 years.

Despite the slums and poverty, European cities offered safety and security to the people - and gave rise to an astonishing expression of human creativity through

magnificent art, culture and architecture. Old Roman cities like my home town of Chester have been sustainable for over 2,000 years.

Yet somehow we lost our way.

During the 20<sup>th</sup> Century, millions of people gave up living in cities. They got in their cars and left for the suburbs - driven out for a variety of reasons including poor education, the fear of crime, pollution and congestion and the domination of the motor car.

Back in 1961, the American urbanist Jane Jacobs surveyed the disastrous results of 20<sup>th</sup> Century planning, and urged us all to rediscover the art of making places where people can mix and meet.

She helped define what today I call a sustainable community.

Sustainable communities balance the social, economic and environmental concerns of their community – meeting the needs of existing and future generations, and respecting the needs of others in diverse communities.

And sustainable communities are environmentally sensitive, with high standards of quality and design.

This is not just about buildings and public spaces looking good - they've got to feel safe, secure, and family friendly, as well.

Sustainable communities must have good local economies and transport services – providing jobs, schools, health and other services that are accessible to all.

Yet in Britain, successive governments did exactly the opposite, with terrible consequences.

Decades of industrial change undermined our major towns and cities.

People left the cities for the suburbs - and major out of town retail developments undermined many traditional town centres.

There was major disinvestment in schools, hospitals and transport, record unemployment, severe homelessness, insufficient housing, the public housing stock was in major disrepair, and there was a widening economic gap between North and South.

For 2 decades before our Government came into office in 1997, the prevailing philosophy had been a total faith in the operation of market forces, and the belief by Mrs Thatcher that there was no such thing as society.

But our Labour Government knew that economic prosperity and social justice are two sides of the same coin – and they are essential to the creation of sustainable towns and cities.

So our first priority was to secure economic stability.

Thanks to our policies over the last 8 years, we've achieved the longest recorded period of continuous economic growth for over 200 years, the lowest inflation for 30 years, the lowest rate of unemployment for 30 years, and record public investment in our schools, hospitals and transport.

Our second priority was to reform governance.

That meant ensuring that our structures at the national, regional and local level were capable of delivering our programmes - in partnership with the people affected by such changes.

We also saw the need to devolve power and resources away from the highly centralised form of government we inherited.

Our reforms are giving people in regions, cities, towns and neighbourhoods more say over what happens in their area. It improves their confidence that they can make a real difference to their own community.

My department was established with a budget of 78 billion euros a year, to co-ordinate and integrate the decision making process across government on transport, regeneration, housing, the environment, planning, local government, and a new approach to regional governance and development.

This in turn led to a long term programme of new legislation and reform for housing, planning, urban development, neighbourhood renewal, local government and transport.

For example, we're investing 62 billion euros of public and private money to overcome the massive disinvestment in public housing.

By 2010, all our publicly owned housing will meet a decent standard - compared to over 2 million non decent homes we inherited in 1997.

The seriousness of the challenges facing our cities, in an increasingly global economy, meant that we had to develop a more ambitious consensus for change.

We need to promote new ideas, new money and new approaches to create more successful towns and cities.

Across Europe and the world, cities face differing challenges which need their own solutions.

So I want to congratulate the Council for championing European Urbanism and for organising this major event at an important time in the debate on the future of cities in Europe and across the world.

Conferences such as this, and the ones which I hosted in Birmingham and Manchester, disseminate different ideas and help create a new agenda for sustainable communities.

In Britain in 2003, I published the Sustainable Communities Plan, which will deliver a long term programme of 59 billion euros of investment in our towns and cities.

It means differing solutions for different areas – and this is just as true within regions, as it is within nations, or across continents.

For example, we have old industrial areas in the North and Midlands, where there are depressed housing markets and collapsed house prices.

Here in Germany, you have similar issues on a much bigger scale, between East and West.

So we're also spending over 1½ billion euros to help areas with low demand for homes restructure their housing markets and create communities with the right mix of housing for local needs.

Adding green spaces and rebuilding neighbourhoods in a more sustainable way.

Conversely, in the South of England, a desperate shortage of housing has created areas of high demand, which has been worsened by resistance to the need for growth.

House prices have rocketed out of the reach of the key public service workers like nurses and teachers, who need to live near where they work and provide our essential public services.

So we're spending over 1½ billion euros to give key workers and first time buyers a chance to own a home, where homeownership of 70% is amongst the highest in Europe.

Clearly, we need to use land more efficiently, and give priority to reusing old industrial land and buildings.

Our tough planning controls are working to combat sprawl and ensure that we build more homes on less land, and in the right places.

In 1997, only 56% of new homes were built on brownfield land.

So we set a target to raise that figure to 60% by 2008 - and I'm delighted to say that we've already achieved 67%.

And we're investing 9 billion euros in the redevelopment of the Thames Gateway and 3 new Growth Areas.

This area of old industrial land to the East of London includes our former docklands, and it's Western Europe's largest brownfield site.

The Thames Gateway is part of our plans for 1.1 million new homes in London and the wider South East, built on the same amount of land as the previous Government set aside for 900,000 houses.

This means we're saving an area of greenfield land the size of the city of Oxford, simply by using more brownfield land and increasing the housing density planning requirements.

Even though we've doubled investment in social housing, and we've unlocked disused land for new development, the demand for homes in South East England is still greater than the supply.

Successive governments before us failed to build enough homes, and so house prices have been rising faster than wages for key public service workers like nurses and teachers.

Ten years ago house prices were 3½ times people's annual salary. Now they are 6 times the annual salary, and prices have been rising faster than earnings.

I pointed out to our Treasury that the public sector was selling off land for housing at the market price – only for me to ask the Treasury for as much as 120,000 euros to subsidise an affordable home for a nurse, a teacher or another key worker so they can live near where they work.

Since the Government and the public sector owns so much land, I asked, instead of selling off the land, why not lease it and offer people an equity share in the price of the home.

Since then, our national land regeneration agency, English Partnerships has identified 700 sites of public sector land that could be used for homes, including Ministry of Defence land, sites around London railway stations, and 100 surplus NHS sites, which alone have the potential for 15,000 homes in this first stage.

We've also suffered big increases in construction costs in recent years - they've gone up three times faster than inflation.

But our construction industry has also failed to make best use of modern methods of construction, which you have done in Germany and elsewhere.

Last year, I challenged developers to use modern methods of construction to show how we can build a quality 2 bed house for 88,000 euros, compared to the 370,000 euro price of an average home in the South.

Our first contract for 1,000 of these homes is now out for competition. Developers will build the winning designs on publicly owned land. We'll keep the land in public ownership, and the home buyers will only have to pay for the cost of construction and services.

I want to emphasise that our Sustainable Communities Plan is more than just a housing programme in an urban setting. It's about meeting the needs of people for homes, jobs, public and private services, and a decent quality of life.



It involves improving the quality of the public realm across the country, creating cleaner, safer, greener places to live.

An important part of this is getting a better balance between public and private transport.

Back in the Sixties, the famous British planner Colin Buchanan warned us against creating cities for cars, instead of people, and we ignored him.

We are now paying the price in terms of congestion and costs to the environment.

In Britain, we gave cities the power to introduce congestion charging for road traffic, and the income could only be used for improving city public transport.

In London alone, this led to a 30% drop in congestion in the central area in the first year alone, plus an increase in the use of buses and the Tube.

We also changed the priorities of transport, from a massive road building programme, to a balanced public transport plan with 265 billion euros of investment over 10 years.

This is now delivering record levels of passengers on our railways, buses, and new light rail systems. And in cities like Birmingham and Bristol, we are beginning to give our streets back to pedestrians, moving away from the concept of motorway cities of the 60's.

I'm pleased to say that our policies of enabling economic stability and encouraging public private partnerships are working.

We are making substantial progress improving the prosperity and quality of life in many of our urban areas.

There's been a surge of growth and confidence in our regional core cities in recent years. People are returning to our cities.

Across a range of key indicators, our core cities are doing better than the national average. Unemployment and crime are falling. Economic and educational performance is improving. There's new investment in quality building, parks and green spaces.

In 1997, we used planning controls to stop the huge out of town shopping centres which had been undermining our town and city centres. This has resulted in 22% more retail floorspace being built in town centres.

People, shops, and businesses are returning to our core cities.

Cities are the driving force for growth and sustainable communities.

This conference is focusing on the European city, but there is a lot we can learn from the United States.

I'm pleased that John Norquist and his colleagues from the Congress for the New Urbanism have joined us today. I've seen how the New Urbanists are working in communities like Chicago, Washington, Milwaukee and in new places, like Seaside in Florida. They're reconnecting the art of building with the making of communities.

The New Urbanism is explained in its Charter: strong governance, social equity, economic prosperity and concentrated development.

I believe that sustainable communities brings together two different approaches – American New Urbanism and the European tradition.

Compared to American New Urbanism, the European approach - particularly in Britain – uses a more interventionist style of Government to achieve environmental protection, social justice, and economic progress.

The English planning system was introduced in 1947, and it is a powerful instrument for intervention - but it became ossified and restrictive to change.

We're spending 880 million euros to improve the efficiency of the planning system - so that we get better decisions faster, we have more effective public private partnerships and we fully involve the community in what happens to their area.

We're implementing ideas like design coding, which has been used by the New Urbanists to produce quicker decisions, better development and stronger community support.

And we want the planning system to link housing, transport and economic development at the regional and city level, help narrow the economic gap, create mixed communities, use land more efficiently, protect the countryside, reverse the growth in out of town retail, and encourage people and retailers back into our city centres through mixed use development.

Our latest improvement is to introduce a new Planning Policy Statement which makes sustainable development a core principle of the planning system.

In this way, planning is a good example of how a strong degree of intervention, within a democratic framework, can produce responsible and sustainable growth.

And sustainability is also about creating superb buildings and open spaces – with their architectural 'wow factor.'

It is also about reusing old industrial assets in order to create homes, jobs and communities.

The canals and waterways used to be seen by Governments and cities as decaying liabilities, but now they're helping to create new sustainable communities.

So our policy in Britain is based on focused and pragmatic intervention by the public sector to steer the market towards better outcomes - revitalising our wasting cities, giving people new opportunities to fulfil their potential, narrowing the economic divide between regions, working for the benefit of the many not the few.

We knew that investment by the State was never going to be enough on its own. But leaving it all up to the private sector would repeat the mistakes of the past. We needed a radical new approach, to unlock huge amounts of private sector investment to work alongside our own public investment to create economic prosperity and social justice.

This is why we promoted public and private partnerships and private finance initiatives to deliver change on the ground. I'm pleased to say that our British Embassy is the first example of a private finance initiative, here in Berlin.

We have developed public sector agencies like English Partnerships to create public private partnerships and private finance initiatives. They've been controversial – but they have been very successful, delivering over £40 billion of extra investment in public services.

That means – 30 new hospitals, over 250 new or refurbished schools, more than 30 public transport schemes, and over 50 fire stations, police stations and court buildings.

All these public services are essential to creating sustainable communities.

Just take one example of what I mean by a successful public private partnership.

The North Greenwich peninsula, the site of the famous Millennium Dome, used to be one of the most poisonous sites in London and the private sector could not afford to decontaminate it.

Working in collaboration with the private sector, our public sector regeneration agency English Partnerships has remediated the land and turned this site into a new concept of urban renewal, a millennium village.

They have cut construction waste by 30% and improved energy efficiency by 65%.

13,000 new homes are on the way, as well as a new school, open spaces and a new sports arena and retail, connected to a new Underground system, all in the centre of London.

So our approach has allowed us to harness the strengths of the public and private sectors, and as a result, we've achieved a lot over the last 8 years.

But we know there's still a long way to go – comparison with European city regions tells us that.

Cities like Liverpool and Manchester were still well down in the rankings of European cities by GDP per head in 2001. 5 out of the top 6 European cities are in Germany – a country which has strong core cities in a strong regional context. We have a lot to learn from you, especially as Berlin is indeed a city region.

Indeed, we've just heard from Dr Manfred Stolpe how Germany itself is still overcoming the challenges of industrial change in parts of the former East Germany, which echoes some of our own challenges in Northern England.

The regions of Eastern Germany actually have about the same population as our 3 Northern industrial regions in Britain – the North West, North East and Yorkshire and the Humber. They have 15 million people and 8 city regions.

Although the challenges faced by Eastern Germany are on a different scale and have different causes to ours, I am intrigued by what we have in common.

As in Germany, we have an historic economic gap, which runs north/ south in England, not east/ west.

This economic gap has got wider and wider over the years. There's – higher unemployment in the North, more people inactive and on benefit, more lower skilled jobs, and fewer business start ups.

More young people leave school at 16 in the North than in the rest of the country combined. Northern people on average have shorter life spans and poorer health.

But the North has huge potential. Bringing the 3 Northern regions up to the national average of economic growth would mean we would be 43 billion euros a year better off, and another 80,000 extra businesses up and running.

So we have developed a new approach called the Northern Way to promote jobs and growth across the 3 Northern regions and in those cities.

The Northern Way runs from Liverpool, to Manchester, Leeds and then to Hull, and Newcastle.

In particular, the Northern Way will develop the strengths of their 8 city regions in which 90% of the population lives, so that they can co-ordinate public investment plans across the 3 regions.

In the past, these city regions were the wealth creators of the Industrial Revolution, but after decades of decline in which they competed against each other, now they are realising the power of pulling together.

The challenge of coping with de-industrialisation is seen across Europe.

In particular, most of the 10 states which have recently joined the European Union are from Eastern Europe, and they are tackling a legacy of disinvestment in their cities.

And even within cities and countries in Western Europe, there are pockets of severe deprivation, concealed by apparently healthy overall GDP figures.

So I believe that the expansion of the European Union requires a new approach to urban and regional policy across Europe which is flexible enough to cope with the complexities and differences of 25 nations.

For two generations, a line was drawn across Europe, East and West. (We are only 200 metres away from the site of the Berlin Wall).

In the East, there was command and control. Uniform policies, with no democracy resulted in misery for millions of people. In parts of the West, a widening gap between rich and poor, and decades of boom bust economics.

Now we're in a new era where East and West are coming together, wonderfully evident here in Berlin. The expansion of the European Union, to form 25 nations with 450 million people, has brought a new political order and a new commitment to do things differently.

The European Union is a major force in the global trading economy. But there are huge challenges in the new Europe, and one of the most important issues we face is ensuring the future prosperity and sustainability of our towns and cities.

I believe that the time is right to discuss a common approach to sustainable communities, which reflects the rich diversity of Europe, and is more capable of directing investment and European finance where it can make the biggest impact on jobs, growth and quality of life.

But instead 55% of the European budget in 2013 will be spent on agriculture or on subsidies for the richest countries of the European Union or in a huge abatement to compensate for the maintenance of the Common Agricultural Policy. A modern Europe needs to deliver change rather than conservation, which is what the Common Agricultural Policy is largely about.

It can't be right that 3 billion people in the world live on less than 2 dollars a day - while each European cow gets a CAP subsidy of 2 dollars 50 a day.

I've got nothing against cows, but quite frankly I'd rather spend more of that money on jobs and training, infrastructure and a decent quality of life for people living in our most deprived communities.

Europe needs a modern financial framework to help our cities compete in a rapidly changing global economy - this is especially true for the 10 new member states of the European Union.

Many of these new member states are significantly poorer than the existing members, and inevitably this means that structure funds should be diverted to the East.

But in the more affluent member states, there are still pockets of deprivation which we need to help.

We've got to find ways for the richer countries to spend more of their own money supporting their poorer communities meeting industrial change without it being stopped because the Commission says it's state aid, and it's in conflict with the regional structure fund rules.

We've got to reform the way Europe spends its money. Europe should be investing in science, skills and infrastructure to help us cope with global change. That requires a completely new way of looking at the priorities of European resource expenditure.

That's why, under the current UK Presidency of the European Union, we're developing a clear, practical, European approach to creating sustainable communities.

Our aim is to help nations, regions and cities across Europe deliver housing, economic growth, social justice and cleaner, safer, greener communities. This will require what has already begun – rethinking the priorities of the European Structural Funds.

So, during the UK Presidency of the European Union, I'm bringing 28 nations together at a Ministerial 'informal' meeting in Bristol in December – to begin creating an accord for sustainable communities.



But a strange thing happened when I asked my officials to set up this Informal. They said, "Who should we invite? The urban ministers, or the regional ministers, or the housing ministers, or the local government ministers?"

This is because governments in Europe tend to operate in silos - this is also reflected in the structure of the European Commission itself.

There is usually no common, united approach to urban policy which brings together housing, planning, transport, skills, public services and regeneration.

And because the concept of sustainable communities also applies just as much to the rural as well as urban setting, this caused even more difficulty, because rural ministers are different to urban or regional ministers.

This silo approach also applies at the European level. In the European Parliament, there is no committee which looks at the needs of cities in total and same goes for the Commission, too.

And right now we don't even have the words to express the idea of sustainable communities across Europe. Indeed, the interpretation and translation of sustainable communities in different languages causes its own difficulties.

Of course, people in mainland Europe recognise the ingredients of a sustainable community. They know the importance of a better quality of life, social justice and economic prosperity - but they've not always pulled them together into a coherent, integrated approach.

So we are in the early stages of a fascinating discussion about sustainable communities in Europe. This discussion will lead to new expressions, new policies and new structures to create stronger and more successful towns and cities – and rural towns and villages.

I believe that we should create a new European Union regional policy to help deliver our recent agreements - on economic prosperity and social investment agreed in the

Lisbon Accord, environment sustainability in the Gothenburg Accord, the urban acquis in Rotterdam and effective democratic governance, agreed in the Warsaw Accord.

Now hopefully we will develop a Bristol Accord which will put all these agreements into a European Union sustainable communities framework.

We can only achieve our aims if our policies and structures reflect the complexity of a European Union of 25 states.

The current regional policy is not designed to cope effectively with the diversity of nation sizes and the differentials of wealth and poverty.

A regional policy which is largely based on GDP is not sophisticated enough to cope with the fact that cities, regions or states which have a high average GDP have within them pockets of severe deprivation facing industrial change.

So I believe that we need a debate about the future direction of regional policy, its financing and how we can develop the professional skills needed to create sustainable communities and strengthen economic prosperity, use natural resources effectively, enhance the environment and promote social cohesion and inclusion.

To this end, Britain's new national Academy for Sustainable Communities in Leeds will collaborate with partners across Europe to improve skills and partnerships between the professions to deliver sustainable communities.

And we'll be working with the European Investment Bank to encourage investment in innovative projects that deliver sustainable communities.

Of course, all European member states face many practical challenges to make sustainable communities more of a reality, and we should all learn from our past successes and mistakes.

Sustainable communities is a big idea for a bigger Europe, a stronger Europe and a more democratic Europe. Sustainable communities is a vision which is exciting and will benefit more people.

It's a belief that we can do things better. That we can - once again - create strong and sustainable communities. Places that can stand the test of time and reflect the pride of citizens in their community.

This is a big idea for a bigger Europe in which cities will be the driving force for change.

As Daniel Burnham, the visionary planner of Chicago, once said: "Make no little plans; they have no magic to stir men's blood....Make big plans...aim high in hope and work".

Let's make our cities thrive and prosper. Let's create places where people can aim high in hope and work. Let's create sustainable communities.

**ENDS**

**4,858 words**