



Trade and Industry Dinner

Egyptian Hall

7.30 Thursday 3rd March 2011

The Rt Hon The Lord Mayor of London

Alderman Michael Bear

Secretary of State, My Lords, Minister, Fellow
Aldermen, Mr Recorder, Sheriffs,
Ladies and Gentlemen

It is a pleasure to welcome you to Mansion House,
this evening. To this house of history.

Mansion House has its own historical significance.
And it was constructed in the eighteenth century
on a location known as the "Stocks Market".

It was one of the earliest places of commerce and
trade in London, established by the Lord Mayor,

Henry Wallis, almost nine hundred years ago. It was said to surpass all other markets in London.

People came here to purchase the necessities of life - *the bare necessities* - to talk with each other, and to share the joys of society together.

Tonight we dine at this place, which for 600 years was a source of food and beverage, conversation and friendship, for Londoners.

Secretary of State, could I thank you very much for joining us.

We know that increased trade is essential for Britain's future. This has always been so. Tonight, we *honour* the men and women working in commerce, trade, and industry. And I use that word, "honour," with pointed purpose.

One historian (Keith Thomas) called the rise of trade and industry in the City "the honour of the people." That is an apt phrase ... "the honour of the people."

He meant that one of the *great strengths* of Britain was our recognition of the importance of trade and industry, and the value placed on wealth creation, financial security, prosperity, economic stability, and a rising middle class over the *last five hundred* years.

Trade made Britain ... British history is a story of trade and industry.

With the growing, *dynamic commerce* in the City, Britain became *internationally* powerful and influential.

And the City itself became the centre of world trade and industry, a position it holds to this day.

As a result, honour was given to the livery companies and guilds, because they *made* the City stronger and more respectable.

Honour was given to the *corporations*, which provided jobs and opportunity.

Honour was given to the banks and investment firms which financed our growth.

And honour was *also* given to *those* in education and the arts. Because our schools were producing innovators and thinkers. The arts gave the world culture and a life of the mind. *A civic pride* developed.

It was *honourable, even enviable*, to live and work in London.

And each year, for many years, my predecessors have held this dinner to recognise the enormous *value and contribution* of trade and industry to the City, to Britain, and to the world.

Trade and industry, and the attendant banking and financial sectors, deserve recognition.

We are a forceful *engine* for both Britain and the EU.

The City makes a *huge* contribution to the UK.

10% of GDP, over £53 billion into the Exchequer, 300,000 jobs in the City of London – and another three quarters of a million in financial services across the country.

Our promotional body, TheCityUK, has estimated that if London's *financial services cluster* did not exist, EU GDP would drop by €33 billion at once and €23 billion a year thereafter, with the loss of 100,000 jobs. Financial services costs would rise by 16 per cent in Europe.

The Challenge

Tonight we meet at a decisive moment in our history. We confront a world shaken, *even shattered*, by financial tremors.

The fault lines have re-arranged much of the financial landscape.

We see the results.

In our country, we are looking for answers in an age of austerity.

Here in the City, we worry about competitiveness and productivity. We fear that unemployment and a *torn safety net* will have *dire consequences* for thousands of people.

We face great challenges in helping our young people to fulfil their potential. And in creating a green and sustainable future for us all.

Fortunately, we are in *better shape* than many in the European Union or elsewhere.

The Government is taking action to tackle the deficit. The City remains *comparatively* and *competitively* strong. We also retain a *strong service orientation* to the UK and the world.

And I believe that we *are* taking the *tough decisions* that will help us make the City stronger and more dynamic in the future.

We are in a recovery. But our recovery is fragile ...
The Economist recently labelled last year, 2010, as
"the lean year." Shrinking GDP. Rising
unemployment. Growing inflation. *Harsh
language. Sobering statistics.*

There is the worry that there are more *lean years*
to come.

The Way Forward

But *that* must not be our destiny. We can see the
way forward. We can make a *decisive difference*
with the choices we make now.

We need a collective vision of what we want and
where we want Britain to be in *five years ... in ten
years ... even fifty years.*

We can see the path ahead, the future we want.

And there is widespread agreement that our financial institutions must be more transparent, more responsible and accountable.

There is a consensus that there must be greater predictability, more stability and a stronger foundation for growth. All these will enable financial institutions to generate sustainable growth in the future.

We can see that government, financial institutions, corporations and philanthropists must work together.

No one sector of the economy can be *all things to all people*. We must use the strengths of each sector to create a more powerful economy that can take us into a more prosperous and socially just future.

And let's be honest, the best economic policy is a job ... job creation must be "job one" for the Coalition Government.

We must create jobs ... good jobs ... right here in the City and throughout the UK.

Jobs will help the City remain the engine of economic recovery. The City's financial services can support this growth. Can help to support our 4.8 million SMEs. The City has the scale and liquidity to fund our largest firms as well. The City can help to drive the recovery.

CBI data shows that financial services grew strongly in the second half of 2010 – and *that* this is driving investment in the wider UK economy.

We must be *pro-active* in trade and industry.

We must give London a gravitational pull for more investment and commerce.

We cannot sit back, confident that the world will come to us. It won't. We must go to the world.

That means more visits abroad, more sales efforts in other countries, more linkage overseas, more

creative alliances, greater cultural diversity, more regional and international presence, and more and more attention to business opportunities as they develop.

We must be actively engaged and involved in emerging markets.

Over the next five years, emerging economies are expected to account for over 50 per cent of global growth, but only 13 per cent of the increase in net global public debt.

London is a natural location for trade with emerging markets. We must *persuasively* continue to make the case.

Nearly 80 per cent of potential investment originates from companies outside the UK.

But some have *pointed out* that capital in emerging markets is moving away from developed countries, especially New York and London. In

fact, our competitors for emerging markets are often emerging markets themselves.

The possibilities for trade and investment are enormous.

Between 2008 and 2015, 75 million urban households will be joining the ranks of the middle class - IN CHINA ALONE.

I know from my own background that Africa offers almost limitless economic opportunities. But I also know that some countries are way ahead of us there, sometimes decades ahead, in developing business opportunities. Some economists have even said that the 21st Century may be an "African Century" because of the opportunities available on the continent.

Working Together

Secretary of State, now is the time for us to work *together even more closely* to seize those opportunities.

For example, Mark Prisk's recent visit to the Gulf States, accompanied by 12 industry leaders, was a good instance of what can be done.

We hope there will be more of this ... we must work in harness together.

Our co-ordinated partnership must promote good business practices: transparency, responsibility, and profitability.

We must agree that what is good for the City is good for Britain. And that the City has a responsibility to engage in best practices, with the highest level of *ethics* and *accountability*.

And the benefits of trade and wealth creation must spread throughout the UK.

That is one reason why I have made regional visits throughout our country. The City can generate the wealth necessary to turn *austerity* into *prosperity* in all parts of Britain.

And when we do enhance our involvement with emerging markets, we may have to construct new business models.

We may not be able to use current business models successfully in some places. As the Harvard Business review recently said: "*An open mind* is perhaps the most important asset anyone can bring to emerging markets."

I know that many businesses and consumers overseas are looking to us.

Early in the New Year I visited Turkey. And I have just returned from two weeks in the Gulf States.

The City is already the *location* of more of their investment money than anywhere outside the Middle East. Trade with the UK is up 20 per cent over last year. More investment could be on the way. We have a proven track record. Funds are secure here.

But we have to listen more. We have to work harder. We have to think in new ways. We have to be creative. And we have to be reliable partners.

We can do this. Earlier, I spoke of the honour acquired by trade and industry, how these sectors of the economy built this nation, ennobled and empowered our people, provided greater economic choices and material improvement for millions of people, and wrote our history

Conclusion

In these times, we must turn to trade and industry *again*: To create jobs here at home, to help emerging markets grow and prosper, to assist the rise of millions from poverty, to initiate closer global partnerships, to write the future of the United Kingdom and the world.

Let us make that our future.

Now can I ask you to rise for the toast:

TO BRITISH TRADE AND INDUSTRY