



City Banquet

Mansion House

20th October 2011

The Rt Hon The Lord Mayor of London

Alderman Michael Bear

Your Excellencies, My Lords, Fellow Aldermen, Sheriffs, Ladies and Gentlemen,

A very warm welcome to you all to the Mansion House to – to this house of history where history continues to be made.

And a special welcome to you, Lord Turner, for your third City Banquet.

And I trust all our guests were able to navigate their way through the road works on Cheapside and elsewhere.

Over the last year, barely a day goes by without some utility or other digging up our roads in one direction or another, sometimes both at the same time.

It is not often that you will hear a Lord Mayor calling for more regulation ... but, in this case, this Lord Mayor, and in fact most Londoners, would be most grateful.

As Lord Mayor, my background is different from most of my predecessors. I am a *very* civil engineer, from the demand side of financial services – a client.

And with 35 years of experience in major national and international capital projects, I know the crucial importance of a competitive City in supporting economic growth and the wider economy.

The economy is like an engine. And financial services is the oil that makes the engine run smoothly.

As a Bear, to quote Goldilocks, not too hot, not too cold. Not too thick, not too thin.

We need to get the blend right.

I have seen for myself the importance of a finely tuned City to world trade, in every one of the 22 countries I have visited this year. And the 20 or so that I worked in previously.

Brand City and Brand Britain remain hugely strong.

We must continue to do all we can to protect and enhance those brands.

Even in these challenging times, the City was confirmed as the world's leading global financial centre in the Global Financial Centres Index 10, published last month.

And the City's financial services industry – banks, insurers, maritime, professional services – make a huge contribution to the UK's economy: £54 billion in tax, £41 billion to our balance of trade and over 9% of our GDP.

It provides capital and channels expertise to support the real economy.

It supports our world-leading cutting edge industries: information technology, biotechnology, pharmaceuticals, aerospace and high-end engineering.

Globally, foreign direct investment in the United Kingdom was valued at over £1 trillion in 2010.

The investment and business that comes here arrives and thrives at perhaps the safest and most prosperous destination in the world.

Our fund managers have £4.8 trillion under management, including billions for major European public and private sector utilities.

So pensioners and savers across the continent and the world benefit from a strong, successful and profitable City.

The City is a profound economic asset for the European Union - and for the global economy.

European Commissioner Barnier – hardly, some might feel, the City's natural ally – has said:

“We must prioritise a social market economy, where financial services are at the service of the real economy, and the real economy is at the service of human progress.”

I agree. This *is* the task of the City.

But the gap with our competitors is narrowing. Especially New York and Hong Kong, with Singapore and Shanghai performing strongly.

Tonight we meet against a backdrop of continuing financial uncertainty and a lack of confidence, which are impacting upon our key export markets in the Eurozone and the United States.

In contrast, the new financial centres in the dynamic emerging economies, driven by consumption rather than debt, are still growing.

China achieved annual growth of 10% in 2010 - although growth this year is likely to be muted in 2011.

50 million Brazilians will join the middle class by 2015 – with GDP growth of 7.5% in 2010.

Africa is forecast to grow faster than the OECD, Latin America and the Middle East.

The world is changing at lightning speed.

Our future success and prosperity will depend on meeting the challenge of ever greater competition in an ever changing world.

Seizing the opportunities in these emerging markets. At the forefront of this global growth – but staying competitive.

And getting regulation right is crucial and *critical* if we are to be successful. This challenge has never been more important and never more relevant.

Because dramatic changes to our regulatory architecture are taking place.

And if we get regulation wrong we will damage the City's competitiveness in the global economy.

Not only handing over our hard won advantage to other financial centres. But damaging the City's ability to support business and our fellow citizens right across Europe and the world.

The rebalancing that we need is to spend more of our energy meeting the challenges of the future, not fighting yesterday's battles. So we need our regulators to avoid the temptation to micromanage the City, making it harder to compete and harder to do business.

And we must fight hard to keep costs down. Because increased costs and increased regulation for the City will ripple out to harm the wider economy in countless ways, threatening jobs and opportunities.

They will be a burden on *all* business – not just on the City.

The negative impact of some proposals – especially from Europe - is self-evident.

Well-intended proposals with unintended consequences, or which are implemented without adequate consultation.

Or self-inflicted wounds, like gold-plated European legislation in domestic law. Which put us – the City and the wider economy - at a competitive disadvantage in the European Union, let alone the rest of the world.

We cannot afford – literally cannot afford - to get this wrong. Our future prosperity depends on it.

But if we get regulation right we have an historic opportunity to shape a great and successful future.

In which the City can continue to build its position as the world's pre-eminent financial centre.

And play a crucial role in the domestic, European and global economies. Creating jobs, economic growth and prosperity.

A future in which we continue to demonstrate that we have learnt from the mistakes of the past.

In which regulation provides protection against reckless behaviour.
And security for the taxpayer.

But which also strikes the right balance between risk and security.

And which provides the stability, the clarity, the transparency and
the predictability that business demands.

In which we take every opportunity to engage constructively and
engage early with proposals at European and international levels -
working with the appetite for reform in a way that *helps* not *harms*
us.

So that we operate in a globally equivalent – not super-equivalent –
regulatory environment.

And a future in which we continue to instil a culture of honesty,
probity and integrity in every man and woman who works in our
industry.

Because regulation can never be a substitute for the right values
and the right culture in every individual and every office in the City.

That is why I have established an initiative on restoring trust in the
City. To find solid, practical ways of restoring the culture that was
the envy of the world.

Regulation, and the probity and integrity of the City, can *all* be part of our badge of quality. They can all be part of our competitive advantage.

Ladies and gentlemen, throughout my year as Lord Mayor I have promoted my business theme: City of London: City of Choice.

The City remains first choice – the world's premier centre for financial, professional and business services.

And it is *indispensible* to our nation's future success.

And as you leave Mansion House tonight, you will find a copy of a new booklet which chimes with my theme – *An Indispensible Industry*, published by the City of London Corporation.

It sets out the crucial importance of the City to everyone in the UK, Europe and across the world.

How the City powers growth and success in the global economy.

From fixing mortgages and insuring our homes.

To raising capital on the Stock Exchange. Or investing in our infrastructure – a powerful engine of economic growth and social change.

Let us work together to keep our City the city of choice – and secure our future success.

So can I ask you to stand for the toast to:

Britain's Financial Services Industry.

