



The Lord Mayor's Banquet

Guildhall

Monday, 16 November 2009

The Rt Hon The Lord Mayor of London

Alderman Nick Anstee

CHECK AGAINST DELIVERY

My Late Lord Mayor, Your Grace, My Lord
Chancellor, Prime Minister, Mr Speaker, Your
Excellencies, My Lords, Aldermen, Sheriffs, Chief
Commoner, Ladies & Gentlemen.

Claire and I, together with the Sheriffs David
Wootton and Peter Cook with their ladies, are
delighted to welcome you all to Guildhall this
evening; in particular you, Prime Minister, and
Mrs Brown.

My Late Lord Mayor, this banquet is in your honour. We are indeed fortunate that you were holding the reins in the City during an exceptionally difficult period. You have kindly wished me an easier ride this year, hoping that the time will come in my Mayoralty when we can point to solid achievements.

Well, I speak for us all when I can point to solid achievements in your year. You tirelessly promoted the City around the world. You supported the UK's position on the G20 and you helped rebuild confidence in the City internationally. You injected your business acumen into virtually every moment of your year and Claire and I are grateful that you involved us so early in your mayoralty. We wish you and Lin well.

I recently completed the New York marathon. If we want to usher in a sustainable renaissance of

the City, and we do, then we must have the endurance of long distance runners, a quality not found in sprinters.

So as we start the second decade of the 21st Century, we must look ahead, not to next year, but to 2020. A vision for ten years on. Having done that, we need to decide where we want to be and how we are going to get there.

Banking and the Social contract

In looking to our future, Prime Minister, you spoke recently of the need to re-establish a contract between the City's financial institutions and the society they serve. This is right because society, the tax-payer, has just picked up an enormous bill for failings.

You have also said that we need urgently to find new ways to balance out the risks between

society as a whole - and the financial sector. We in the City agree.

For decades the wider British public showed little interest in the City, although many enjoyed its fruits. Now, - everyone has strong, sometimes angry, views on what should be done to reform - or even to punish us.

Much of this anger has focussed on bonuses. In my view, bonuses were not the root cause of the issue. Indeed, my Late Lord Mayor, the Chairman of the Financial Services Authority at your dinner in September said "It is possible to overstate the importance of bonus structures in the origins of the crisis: they were, I believe, much less important than huge failures in capital adequacy and liquidity regulation."

Prime Minister, we in the City are delighted that you now have an agreement with more than

thirty of the world's major international banks on bonuses in accordance with the G20 principles.

In that light, your various suggestions for recouping the funds from the industry to repay the public subsidies and support which it has received, will need to have the same international basis. We in the City will want to play our full part in that process.

We will want to make sure that the solution provides real benefits to taxpayers and does not stymie either a return to economic growth or our our country's competitiveness. A genuinely worldwide solution is vital, otherwise real damage will be done to our economies. I know that you, Prime Minister, and other world leaders fully understand this.

But for the man on the Clapham bendybus, there is a very wide gulf that needs to be bridged. A

tear in the fabric of society, with ordinary citizens on one side and some of the City on the other.

Yes, Prime Minister, as you say, we need a new contract. A new agreement that ties both sides together. A contract which recognises on the one hand that the UK benefits from financial services, and on the other that we need to do whatever it takes to serve the interests of the individual as well as those of the wider economy.

As the Ambassador for all UK-based financial services, the Lord Mayor's usual job is to speak *for* the City, often in fast-growing markets abroad. But here, in its heart, the Guildhall, I also need to speak *to* the City.

All of us should remember that there are no longer walls that surround our citadel. We must learn from our mistakes not only to survive but, more importantly, to thrive. To demonstrate

clearly that we are a positive part of wider society. And to reform ourselves where and when needed.

We have to re-establish trust between the people and financiers. We have to show that, as my personal motto says: *Trust can steer us*. That we understand we are *all* citizens of the same community.

We have to shoulder the responsibilities that go with it.

We have to re-establish our credentials and credibility.

We have to show that things are already changing.

Risks need to be better identified and better understood. And we all have to be better at

explaining what we do and why it matters – to the economy and to society.

Fortunately we start from a pretty solid base. Many pieces of research, including the World Economic Forum's latest survey, continues to rate us as the world's leading international financial centre. This, however, does not make constructing a vision for the future any less challenging. And since that is a shared task, I want to help create the environment in which it can happen. Hence the theme for my mayoral year is: *Forming the Future*, encompassing both the ambassadorial and philanthropic work of the City.

Besides banking and the social contract I have outlined, I want to mention briefly a few key areas that will help us build that future.

First of all, Europe. Frankly, scepticism about Europe or even disengagement is yesterday's game. We need to be at the table shaping the future or others will shape it for us.

Take the lesson we are now learning from the recent draft Alternative Investment Funds Managers Directive: the rationale for a directive of this sort was recently described by practitioners and a respected research house as being "poorly constructed, ill focused, imposing crippling costs and premature".

Yet a European Parliament rapporteur said just last week: 'Nothing can be left out of regulations now, even if the hedge funds did not cause the crisis.' Troubling words indeed!

Even though there seems to be general agreement that neither the outbreak nor the

severity of the financial crisis was due to a lack of harmonisation of EU banking regulations, what should we make of proposals for a “European Systemic Risk Board” and a “European Banking Authority” both of which would have far reaching powers?

Could they be interpreted, like the Directive, as an attempt by our European competitors to challenge London’s supremacy by raising costs?

The House of Commons Treasury Committee echoed our thoughts in today’s report, pointing out ‘serious problems’ with the proposals from Brussels for a new pan-European supervisory system.

Ill-considered, overambitious and rushed proposals are dangerous. The City of London is Europe's, not just Britain’s, financial centre. We bring business to the whole of Europe. What

good would it do if the UK's financial services cluster found Europe so uncompetitive that it moved to Asia? The UK would be poorer, and so would our European neighbours.

Thus, Stuart Fraser, our Policy Chairman, and I will press for better and deeper involvement with the European Commission and Parliament. Involvement not only by Her Majesty's Government but by all of us.

being competitive

Besides the need to restore trust and to engage with Europe much more, competitiveness must be central to our long term ambition. This must be our priority now – and it will be mine throughout the year to come.

I will urge the Government to commit publicly to a long- term vision for the City: a City which

continues to contribute 8% of our national output and 14% of total tax revenues. A City supported, I hope, by government policies directed at maintaining an environment of certainty and clarity, consistency and credibility. And we will look for evidence that this vision is being sustained.

Evidence which, Prime Minister, is already shown by the Government's commitment to Crossrail.

And evidence which we hope will be embodied in policies which encourage the retention of our highly skilled but mobile workforce. A workforce which is key to our competitive advantage.

And by evidence of an immigration policy for skilled people which addresses wider economic needs. Everyone, including you, Prime Minister, acknowledge the need for effective controls. But do we recognise enough the record of

achievements by immigrants and descendents of immigrants? How many of these people would the current system allow in? I wonder?

G20 agenda

Besides competitiveness, I will continue to encourage both here and abroad the need for international co-operation on a global regulatory framework composed of transparent, high and mutually recognised standards. We need an international approach because this crisis has shown just how interconnected the world has become.

investing in emerging markets

Then I will want to encourage those firms and sectors of our industry which work with emerging markets. The G20 will demand that these countries be helped to prosper, but it will be up to us – with our myriad links across continents and oceans - to make it happen.

communicating what the City is about

This is not just the job of Government; industry needs to be much clearer about communicating the benefits the City brings to greater London, to the nation and to global trade and development. In that light, the City Corporation is working with Government and the industry to establish TheCityUK.

The CityUK is a new organisation to promote all UK-based financial services: independent, politically neutral, practitioner-led. When TheCityUK is formally launched early next year, I urge all City practitioners to become involved in its work.

climate change

My Late Lord Mayor, some people believe the economic crisis came close to wrecking our future, but there may be an even greater threat: climate change. Our Government, led by you, Prime Minister, has played an energetic role in

waking the world up. We in the City take pride as the world's leading centre for carbon trading and in funding innovative solutions.

Such as last week's news that a consortium of UK and European banks is making £1.4 bn available for on-shore wind farms. This is but one example of City engagement in this vital area. After Copenhagen we will need to consider how we can do yet more to bring our expertise to bear on building sustainable solutions.

The philanthropic City

My Late Lord Mayor, as you did, I will look to promote the commitment which City firms and institutions, the Livery and thousands of individuals make by applying the City's wealth and talents to the service of others.

I know that I am not unusual in being involved with four organisations which are responsible for raising or disbursing more than £100m a year.

- But who outside the City knows about our corporate responsibility programmes such as Heart of the City and the encouragement we give through the Dragon Awards?
- Or the 108 Livery companies which support education, welfare and their crafts, and our Armed Forces and Cadets? Support which our Armed Forces appreciate and deserve at a time when they are doing so much for us.
- Who knows about City businesses which donate in excess of £500m a year to alleviate social disadvantage, a contribution worth some £820m in impacts?

- And the much maligned hedge fund industry whose members personally pour millions into childrens' charities each year?

The answer in every case is all too few. Yet concern and compassion for others is as much a part of our DNA as is competition.

Which brings me to this year's Lord Mayors' Appeal. Having joined forces under the "Pitch Perfect" banner, the London Symphony Orchestra and the Cricket Foundation will support thousands of disadvantaged young Londoners to acquire new skills, confidence and self respect through the thrill of learning music and sport. That's "Pitch Perfect."

Besides working on the Lord Mayor's Appeal, I am delighted that Claire, in pursuit of one of her interests, will also be supporting Wellbeing of Women.

My theme and conclusion

The success of the City of London has only been achieved by responding to the economic, political and regulatory changes that are the City's constant challenge.

My Late Lord Mayor, as my theme *Forming the Future* clearly indicates, I am passionate about the City's future. I will promote it, challenge it, and support it. If I may echo a phrase from President Obama: *We can make it happen*. And with positive support from the government we will. We may not see a full-blown renaissance during my year, but we can and will prepare for it, build for it and work for it.

Thank you.