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London as a global city: A round-table discussion on London's international competitiveness, with Sir John Stuttard, Michael Mainelli, Sam Whimster and Warwick Lightfoot. To be held on Thursday, June 5, 2008, at Armourers' Hall, 81 Coleman Street, London, EC2R 5BJ, from 12:30-2:15pm.

The City of London has several key positive factors that have contributed to its success but also faces some very serious threats, the first speaker said. Obvious pluses are the time zone – straddling Europe, Asia and America – and the English language. But there are others. First are the values and the rule of law in the UK dating back to Alfred the Great and Magna Carta. Significantly his four top cities – London, New York, Hong Kong and Singapore – had all built on that. Second was the regulatory environment. The principles-rather than rules based-regulation had enabled areas such as carbon trading and Islamic finance to grow. He said travelling round the world he found London and the Financial Services Authority were widely admired. This triggered disbelief from some members. One said that despite having the subprime crisis, even the US had not the run on a bank as the UK had with Northern Rock. Another said overseas regulators looked on London with great sadness as a fallen star. The first speaker disagreed, saying that did not tally with his experience and that Northern Rock was a media-inspired fuss not a crisis.

Third was the Big Bang of 1986 that tore down protectionist barriers and welcomed in foreign investors. This flowed into the next factor – that London is generally a very welcoming city. Lastly there was a huge pool of talent in the City, which attracted the best and brightest from within the UK and abroad. He said it was not external competition but internal errors that threatened the City. He said New York was still hampered with the Sarbanes-Oxley legislation while Asian stars such as Shanghai and Seoul suffered with problems over rule of law.

There threats were therefore home grown. One was the physical infrastructure and particularly the horror of Heathrow. Allied to that was the treatment of particular groups such as wealthy Muslims at immigration and the visa process. He hailed an end to Bendy buses and the investment in Crossrail. He said there were regulatory issues but they mainly related to risk assessment. The biggest threat was tax policy and some “appalling” decisions, especially on non-doms – he blamed the Tories for starting the ball rolling and Labour for extending its reach and taxation of foreign corporate earnings. Governments can ruin countries very quickly by introducing policies too quickly.

The second speaker echoed many of those fears. His company published a ranking of financial centres that showed London ahead of New York by a nose. However he said London's success was mainly based on the errors of others, whether the US evicting the Eurodollar market or the Glass-Steigel Act, or Europe's failure to innovate. He said the exodus of non-doms was real while tax on capital gains and foreign earnings made companies feel unwelcome. It's fine to say the UK had been over-generous to foreigners in

the past but that was no defence to unexpected changes. London must look for solutions. He said tourism was a hidden strength as many people took investment decisions based on their personal experience of a visit. It should look to open up financial services to parts of the world that have been locked out in the past.

The third speaker said he was interested in the role the Mayor could play. He said the London mayor had limited powers. Because of its city-state role within the UK, central government was never going to give away too many powers. Added to that was serious anti-London prejudice in the UK. The result was there was no system for financing long-term projects such as Crossrail, which was the result a drawn-out and ad hoc process. He contrasted that with the Paris RER built for an equivalent of just €1.37bn. The Mayor also had to work with both central government and the 36 boroughs – something Livingstone was good at. How would Boris fare? So far his only City-related policy was opposition to skyscrapers.

The fourth speaker highlighted other strengths of London as a metropolis. They includes its centres of art and culture such as the National Theatre and British Museum; the fashion industry; Wimbledon; the Chelsea Flower Show; the global reach of the UK press and media; and the science and research base in places such as Kew. He too focused on the challenges. Top of his list was the European Union whose directives often had major impacts on the City. He echoed concerns about tax and non-doms in particular. He said quality of life needed improving. Crime was a major issue as morale among police, prison and probation staff was in freefall. The transport system needed four new railway lines, which would be expensive.

Members echoed some of these concerns. One said the problem was often with perception and he warned wealthy people would stop moving to London. Another said the City had been too complacent. Another said that the UK had lost for the non-doms whether all the laws were repealed or not. Another said that perhaps London was only threatened by its own success and by the fall-out from its excesses. A sober thought to ponder as the credit crunch continues to weigh on London.