

# **The EU Financial Services Regulation and its Importance to the City of London and the Economy**

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24<sup>th</sup> September 2014

Thank you for inviting me.

It is an honour to address the Bruges Group again.

I value highly the work done by this think tank to challenge, question and report honestly on the European Union, that today sadly has developed into what constitutes the greatest threat to freedom, not just for the City, but for any business and for Europeans in all walks of life and in all aspects of their lives.

Many fail to see these risks and the disturbing underlying agenda, and sometimes I wonder if I am being overly sensitive to EU's excesses.

But reading your report, Professor Congdon, I know I'm in good company.

For me, the City and its financial industry has always been something special.

To illustrate this, I would like to tell you a story that goes back more than 25 years when I was a young man aspiring for a career in the financial industry. To me, the only place in the world to start a career in the financial industry was the City. The second broker I asked, and presented my rudimentary plan for building a client base, accepted me.

I remain very grateful for that first, crucially important chance. The salary in those days was not very high for a rookie, but for me it was not about the money. It was a chance for me to get a foothold in the heart of the financial industry.

Don't tell my wife, but even before I met her here in London some years later, I was in love. I was in love with the City. I still am.

A place where a foreign, inexperienced young man could start an exciting career, just based on desire, ambition and willingness to learn fast. A place that generously, unprejudiced, meritocratically, offered an invaluable start for a future would be entrepreneur to learn the ropes and gather courage to start his own financial business.

That is why I love the City.

Now, call me old fashioned, but I take it very personally when my loved ones are threatened or harassed. That also goes for the City.

And make no mistake, the City is under attack at this time. Not from smarter competitors. Not from locations with better infrastructure and stronger business frameworks. No, it is under attack from faceless bureaucrats in other countries that do not even fully understand what the City does, or how it functions, although they indirectly benefit from its achievements every day of their lives.

Under attack from state-loving politicians that hate our way of life, that hate free markets, that wants to control everyone's life and have no concern for the consequences even if it means reduced growth and less wealth not just for successful and accomplished business people, but also poverty and social unrest and suffering for the less fortunate in society.

Their political ambitions and desire for power far exceeds their capabilities and intellect, but they have no respect for competence, skills and value creation.

And, simply put, financial markets, with their rationality and actual consequences for actions, be they smart or stupid, stand in their way. And the City of London is the foremost representative and symbol of these rational, financial markets, so logically, it must be restricted, controlled, overtaxed and, if possible, annihilated

This is about government control versus free markets. About dirigism versus laissez-faire. About The State versus the Individual. About totalitarianism versus freedom.

And pursuing free markets, creating financial progress, freedom and individual achievement is the hallmark of what's good about the financial industry.

But far from everyone think these objectives are desirable. Please let me repeat, make no mistake, the City is under attack. Not just for its business, and its money, but for everything it represents.

The fact that the City is actually England's smallest county by area and by population but employs over 700.000 people is a testament to the importance and prosperity of London as a giant of the financial world.

The City is the world's leading exporter of financial services.

The value of the UK's trade surplus in financial services is double that of the next largest country trade surpluses recorded by Switzerland, the US and Luxembourg.

The City is the beating heart of Europe's financial centre.

It takes no heart surgeon to recognise that if you stop the blood supply to that heart, you black out and, eventually, the patient dies.

I have read your report with great interest, Professor.

Professor Congdon's report shows that international financial services – in which the UK has always excelled – are in retreat and remain particularly at risk because of the EU.

This trend is not likely to be reversed unless the British government recovers the power to set the financial sector's rules. As the report correctly shows, it's no secret that key policy-making individuals in Germany, France and other continental European countries have long disliked the financial services industry.

They resent the UK's past and present success in these activities.

In my mind, there is no doubt the Euro was created as a means of shifting Europe's financial centre of gravity from London to mainland Europe.

Since then, the Euro has so indisputably shown its true colours. Anyone with a rational view of the world knows that the common currency has been a historic failure of giant proportions.

There is one thing, and only one thing, that can rescue the Euro.

And let's be clear, this will not rescue Europe, quite the opposite - it will only rescue the Euro which has become the ideological imperative of its religious followers.

That one thing is a much more extensive integration between the euro countries; a common financial policy, common debt issuance, a willingness to pay enormous transfers from the rich to the poor countries, a suppression of the natural efficiency of the markets so this insane political project can survive.

Countries who have wisely decided to stay outside of the Euro are seen as enemies of the grandiose German/French scheme of a European super state.

They and their financial markets must be controlled at all costs, taxed and burdened equally with the self-inflicted damage suffered by Euro adopters. They themselves cannot and will not pay the bills for their own folly, but look greedily towards the pockets of UK and Scandinavian taxpayers and businesses to pay for their own mistakes.

The banking union is the newest danger for our industry. Undoubtedly, it will lead to healthy banks in northern Europe getting lumbered with the bills of unhealthy banks in the Eurozone, eventually bringing the whole European banking sector to its knees. With Balance sheets stuffed full of dubious sovereign paper issued to cover the excesses of their spendthrift politicians, we have not yet seen the full scale of crisis we stand in front of. It

will get much worse, unfortunately, and fortune will favour only the brave, that retain control over their own national destiny. The rest will drag each other down.

Leaving matters to Bruxelles, with its undemocratic, faceless bureaucrats, its Soviet style rethoric and empty symbols, its lack of competence and leadership will lead to disaster for the City, if UK does not regain its powers to liberate and reinforce the free markets and capitalism that created all the wealth and prosperity we benefit from today.

The EU never stops, it never rolls anything back, it just continues to amass more and more control in all areas.

The EU has no self-criticism, no regrets, no matter how much and how often it fails. It just continues the roll out of its powers, and it will continue unabated, until someone says enough is enough. Until someone says stop!

The time to say stop came a long time ago.

In just a few weeks, we will celebrate the 25 year anniversary of the fall of the Berlin Wall.

Back then, in 1989, who could have imagined that just 25 years later, we would have forgotten about capitalism's victory, about the dangers and failure of supra national government and control, forgotten socialism absolute bankruptcy and the importance of competition, efficient capital allocation and specialisation.

Yet, here we are, with the EU repeating the failed experiments of the past.

Ladies and gentlemen, it is high time to say stop. Before it is too late and we have no voice with which to say stop. Enough is enough.

I hope that is what your prime minister intends to do after the next election.

We know that the British people agree with their Prime Minister that any ideology that claims to be bigger than the nation-state denies human nature.

We should hold Mr. Cameron to that.

UK saying stop is the biggest hope for Europe's future, the biggest hope for the real Europe of history and diverse cultures, skills, competitive spirit and freedom.

I would like to make a promise here tonight: I will do everything I can to make sure that Denmark follows Britain if you choose that route.

A long time ago, before I went into the financial industry, I actually wanted to be an archaeologist.

I was and still am a great fan of history.

Like most Danish boys, I was especially fascinated by the Vikings.

King William I, usually known as William the Conqueror was a descendant of Viking raiders.

He launched the Norman conquest of England in 1066.

Following the Battle of Hastings, William marched on to London.

But when he came to London, he failed to get across London Bridge or to defeat the Londoners.

He eventually crossed the River Thames at Wallingford, raiding the land as he went and winning the war.

Except for the City.

William had to grant the citizens of London a charter in 1075.

The charter is a great example of the London retaining its authority at difficult times and under attack.

It's time to draft a new charter, demanding authority back from the EU.

On that note, I think it's worth remembering what a sound and rational vision of the EU looks like. Let's recall what Baroness Thatcher said in her speech at the College of Europe in Bruges on 20<sup>th</sup> September 1988.

She said:

"What we need now is to take decisions on the next steps forward rather than let ourselves be distracted by Utopian goals.

Utopia never comes, because we know we should not like it if it did.

Let Europe be a family of nations, understanding each other better, appreciating each other more, doing more together but relishing our national identity no less than our common European endeavour.

Let us have a Europe which plays its full part in the wider world.

A Europe that looks outward not inward, and which preserves the Atlantic Community, which is our noblest inheritance and our greatest strength."

Those were her words little more than 26 years ago this evening. Ladies and Gentlemen, it is time to say stop to the current power grab from Brussels. And if the people in this room should not have an incentive to say stop, who else has?

Thank you, everyone.