

Do We Need The City?

Master, Your Excellency, Aldermen, Sheriff, Chief Commoner, My Lords, Ladies and Gentleman.

It is a privilege to be standing in this magnificent Guildhall ...

... and an honour to be giving the Tacitus lecture.

How great an honour has been impressed on me almost on an hourly basis.

I understand that I am only the fourth woman to do so.

And it perhaps mirrors the fact that I am the fourth woman to be elected Alderman in this great City of London

And the first from an ethnic minority.

Born in Dominica ...

... a tiny but exquisitely beautiful island in the Caribbean

Brought up in Walthamstow in the East End of London.

It's an awesome burden.

I must confess that with each kind, supportive word of congratulation and encouragement ...

... my trepidation has grown.

Being asked to do so was also something of a surprise (!) ...

... as a good friend who knows these things ...

... warned me that during an Alderman's first year in office, one should ideally be seen but not heard.

Which, I must confess, seemed rather attractive.

Either way, it was wholly unnecessary to burden the Court with my voice.

But here I am!

Thanks to the World Traders ...

... who have invited me to break every rule in the book.

Now since I am a Skinner, I wonder whether they have a cunning plan!

However, I suspect they may have been inspired by Tacitus himself ...

... who was a lawyer, a politician and a renowned orator ...

... despite his name literally meaning 'silence'.

So I am here to break my silence as an Alderman.
And speak on a theme similar to that on which I made my maiden speech in the Lords way
back in 1998.
But this time at the request of a distinguished Livery ...
... that is modern in its approach ...
... with an outward focus ...
... and a real sense of internationalism.
A description equally true of the City of London itself.

We live in challenging and troubling times
Every aspect of our lives questioned, mulled over, dissected.
Is this the best we can do?
What should we change?
What should we keep?
What is good?
What is bad?
Who and in what should we trust. And why?
Are the systems that served our forefathers still worthy of investment?
How do we secure our personal and financial safety and stability?

What of our children?
What kind of world will they inherit?
Who decides?
And hence the question in all this tumult:
Do we need the City.

As all of you know, I am a lawyer to my fingertips.
Therefore, when any question is asked, I have to disaggregate it into its component parts!
Of which there at least two ...
... but maybe three.

First, who are we? To whom the questions refers.
What is meant by need?
Third, which is the 'City' to which the question alludes?

There are close to a thousand of us gathered here.
Many representing Livery companies, banks, accountancy firms and insurers, schools,
charities, institutions, Parliamentarians and Councillors..
Not many of us live within the old Roman walls of the City itself.
But I don't think that matters.

Because 'we' represent more than the Square Mile.

We represent Greater London.

We represent all the other Regions of England.

We represent the United Kingdom.

We represent Europe.

We represent the Commonwealth.

And without sounding glib ...

... we represent the world.

In fact we, both residents and commuters, are a kaleidoscope of diverse cultures, ethnicities, religions and sexual orientations and identities ...

... a veritable 'mini commonwealth'

.... united in our shared daily experience of this small city and ceremonial county within Greater London

And so when we question who needs the City ...

... I genuinely believe that the answer encompasses the huge swathes of people who are touched by its businesses ...

... by its heritage ...

... by its good work ...

... by its infrastructure ...

... and, most importantly of all, by its people.

Because the City isn't just a square mile.

It's a hub of financial services that has been developed over the centuries by many generations of people.

At the centre of that hub are the 14,000 companies based here in the Square Mile.

London employs 700,000 people in financial services.

More international companies are listed on the London Stock Exchange than on any other.

And yet the City spreads further still.

Two million people are employed in financial services across the UK ...

... including over 30,000 in each of Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester.

Collectively, they are driving the British economy.

Contributing over £65bn in tax revenue to the UK Exchequer.

Attracting more Foreign Direct Investment than any other sector.

Generating a trade surplus of £55bn.

Trading twice as many Euros as the rest of Europe combined.
Specialising in banking, insurance, fund management, securities, derivatives and foreign exchange.
Building an ever-evolving, sophisticated legal system – illustrated at this week's Global Law Summit with speakers of the very highest calibre.
Improving an already tremendous infrastructure.
Housing great universities.
All of which has drawn the best people not just from London ...
... but from around the world.

This gathering of excellence has generated its own eco-system.
Law firms, accountants, management consultants and other professionals have moved to be nearby.
The legal profession alone generates an annual trade surplus over £3 billion.
Transport links are outstanding but can always be improved. As the Crossrail project demonstrates.
There is much to be very proud of.

The City has established its own traditions.
Its own institutions.
A common language.
And, inevitably, it has developed its own culture.
A culture that spans geographical boundaries ...
... and national identities.

It is a City in which over 100 languages are spoken in almost every borough.
In which the Office for National Statistics defines 53 'main' languages.
In which the streets down which we walk remind us of our multi-cultural heritage; Italian in Lombard Street; Danish in Gutter Lane.
Wherever we look, wherever we walk, wherever we live ...
.... there are echoes of the Commonwealth and our multi-cultural, multi-ethnic heritage.
From India and Africa to the Caribbean, China and Bangladesh.
There is no country on earth that is not represented here.
What happens here in this financial hub we call the 'City' ...
... is of vital importance far, far beyond this Borough, or the boundaries of this Nation.
No wonder we are an international hub in which Islamic Finance can flourish happily alongside that of the offshore renminbi.

This hasn't happened overnight.
London has always been a global City ...
... Tacitus himself referred to "*a great Londinium*", a great trading centre.
And every wave of migration over the past two millennia has left its fingerprints.

The Anglo Saxons established it as a place of trade.
The Danes used it as a base for government.
The Normans granted it a charter formalising its rights, privileges and laws.
Bridges appeared over the Thames; each a breathtaking feat of engineering.
800 years ago ...
... the Magna Carta was signed ...
... with London the only City to be mentioned.

Within a century, trade in the City was being divided between the great guilds which elected the Lord Mayor.
Commerce continued to flourish through the mercantilism of the sixteenth century and beyond ... into the Indies, Africa and the Americas.
The Bank of England and Lloyds of London were both established in the seventeenth ...
... adding further colour and structure to the City's rich tapestry.
By this stage, London handled 80% of England's imports.
And by the nineteenth century it was the world's largest City, encompassing peoples from almost every country on earth.

I appreciate that is a lengthy answer to the question of 'what' the City is.
But I believe it is necessary.
Because recent events have over-simplified the definition for many.
Understandably, there is a widespread misconception that the City is synonymous with 'bankers', 'greed' and a 'lack of trust'.
It is, of course, about much more than that.
But a wider appreciation and understanding of that greater role ...
... is something that we continually need to earn.

I have mentioned the City's professional diversity ...
... and its rich history.
And yet there is more.

Perhaps my greatest qualification for standing here ...
... is my own heritage.

I have mentioned Walthamstow where I attended school after being transplanted into London from the Caribbean.

My roots are eclectic.

Part European.

Part Afro Caribbean.

Part Caribbean Indian.

It is hard for me to define precisely my ethnic origins.

But I have no doubts that I am a Londoner.

From the age of ten I would, on occasion, be allowed to accompany my father at 4.30 each morning.

Dad would take me to buy meat from Smithfield ...

... fish from Billingsgate ...

... and vegetables from Spitalfields.

You may ask why.

Well there were twelve of us. So it made sense to buy wholesale!

I promise not to forget those experiences if I ever have the great privilege of sitting on the Corporation of London's Markets Committee!

The good news back then was that I was rewarded with salt beef sandwiches before school.

And less rewarding back then ...

... but fundamental to everything I have achieved since ...

... it enabled me to see the guts of the City.

And to appreciate its variety.

Dad was a Methodist.

Mum a Catholic.

We lived opposite a Halal grocer ...

... and next to an orthodox Synagogue.

I developed a particular penchant for Latchas!

My first job was in Bishopsgate ...

... working as an office junior in a textile business.

And I now have the honour of representing the Ward of Bishopsgate in the Court of Aldermen.

I mention all this for a reason.
I lived in London.
I worked in the City.
And yet banks were not on my radar.
The City was – and is – about much, much more than that.

Throughout most of its history, the City has been an emblem of quality, authenticity and entrepreneurial aspiration.
It offers a stamp of authority.
Working, living and trading here have all been associated with a degree of pride.

600 years ago, this building was four years old.
A gathering of the great and the good of London back then, would have been packed with wool, cotton and wheat merchants.
In the centuries that have followed, the City has been a place associated with wealth.
Trading it.
Accumulating it.
Lending it.
Investing it.

And at the centre of every transaction within that maelstrom of activity ...
... have been people and the relationships between them.

It was the City's role to understand the value of an investment ...
... and the risks involved.
To know what to invest in ...
... and what to avoid.
To understand the personalities of the individuals to whom it was lending ...
... and their appetite for risk.
To gather enough insight into the projects being funded to evaluate their likely benefits to society.
In that way, the Industrial Revolution may have developed in the factories of the North ...
... but it was powered by the City.
A City that understood the value and purpose of a product.
A City that funded tunnels and railways ...
... that demanded fair social practises ...
... and that eventually came to protect workers' rights.

I'm not sure whether the lyrics from Mary Poppins have ever been quoted in the Guildhall (!)

... but you may remember the scene where the children visit their father's bank.

It is defined not by its complexity ...

... but by its simplicity.

The bank is stuffy and stodgy.

But it is easy to understand.

As the bank's Director Mr Dawes explains to the children ...

... it is a place where you "*invest your tuppence ...*

... *to invest in railways through Africa ...*

... *dams across the Nile ...*

... *fleets of ocean greyhounds ...*

... *majestic canals ...*

... *and plantations of ripening tea.*"

This was finance with a purpose.

Dependent on interpersonal relationships ...

... and desired outcomes that were mutually beneficial to both parties.

Our very language is littered with phrases that pay testimony to the solidity and reliability of the banks:

"safe as houses"

"you can bank on me"

"it is bankable".

The bank itself may have been a little dull for the Banks children and their nanny ...

... but there was no doubting its dependability or reliability.

And yet I am here ...

... being asked whether we need the City any more.

Whether we need the very engine that has powered so much for so long.

And the reason the question is being asked ...

... is not simply because there has been a financial crisis ...

... but because the very essence of the City that has evolved over the centuries ...

... is under threat.

In my opinion, and I know I am not alone in this view, the financial crisis was a direct result of that shift.

A shift that has seen deals done with no tangible benefit to anyone but the financier.

Finance for the sake of finance.

The City began to take risks for others ...
... while using ever-more complex instruments to keep itself safe.
Complex tools are not inherently bad but they must be properly understood.
And it is never safe to put a complex, difficult instrument into the hands of those who do not understand the fundamental premises upon which that instrument is based.
So although some would blame the pure mathematicians and the physicists for the difficulties which the financial sector has experienced in the last few years ...
... that is not entirely fair.
The algorithms developed were not static.
They should have been re-calibrated as facts and circumstances changed.
And when the makers of the original algorithm cautioned against their continued use without adaptation...
... they should have been better listened to.

What is bad, is a cavalier attitude that happily reaps rewards in the good time ...
... but reacts to failure with the pointing of a finger.
A culture that has lost the fundamental understanding of the value and purpose of a product.

As Lehman fell ...
... and the crisis unravelled ...
... the dye was cast.
The City has ceased to be perceived as a place for safety and respectability.
It was now seen from the outside as a home for gamblers, risk takers and pirates.
A clear correlation was evident ...
... between the ever increasing complexity of the deals being made ...
... the ever decreasing level of relationships between people ...
... and plunging levels of trust in those making them.

Losing trust is easily done.
Regaining it is a Herculean task.

And yet it is a task that we must take on.
Because banking seems, far too often, to be characterised as synonymous with wrongdoing.
The tax affairs of individuals and companies are never far from the headlines.
The Financial Conduct Authority has just launched an investigation into the competitiveness of the entire investment banking industry.

Banking scandals have escalated quickly into political scandals.

The activism of politicians such as Andrew Tyrie and Margaret Hodge has been evident this week.

Ministers, CEOs, Chairman are all held to account before Parliament and the public.

And it isn't just politicians asking difficult questions of the City.

So are shareholders.

Is the universal banking model the best for society?

Are banks too big?

Have regulators figured out what to do about the biggest of them?

Who do you hold to account for wrongdoing?

These are good times for those with qualifications in compliance.

Departments grow and rules multiply.

And yet, as Tacitus put it so succinctly:

"In a state where corruption abounds, laws must be very numerous."

Which is why we mustn't just focus on controlling the problem ...

... but on its cause.

I found myself talking to a lovely man at an event the other night.

We discussed the weather and the World Health Summit.

And after a couple of minutes I asked him what he did.

He answered that he worked in banking.

And as he said it, his eyes sunk momentarily to his feet.

He was palpably embarrassed.

Embarrassed to be associated with the financial sector.

Embarrassed by his own profession.

In my view, he is not simply a victim of an extraordinary sequence of events over the past decade.

Because his shame is not about what the City created ...

... but about what parts of it have become.

The City needs to look back into its own past to grasp its future.

It needs to redefine itself as a force for the good.

An engine that powers the real economy.

It needs a fundamental shift of emphasis.

Back to true transparency.

Back to straightforward dealing.

Back to understanding the value and purpose of a product for the client.
Back to an environment where people feel it is OK to take risks they understand.
Where there is a tangible upside.
Where it is OK to say you made a mistake.
And acceptable to learn from that mistake ...
... as long as it was made honestly and in good faith
... and a system is put in place to ensure that no one else makes it next time.

The City has to become an enabling environment once again.
Where you can have good governance, treat people well ...
... and STILL make a profit.
Where machines facilitate human relationships, but don't replace them.

And that's the nub.
We have mentioned the City's history ...
... its institutions ...
... its buildings ...
... and its infrastructure.
But at the heart of them all ...
... have been its people.
Without whom it has no soul.
And the demise in the perception of the City ...
... has gone hand-in-hand with the City's lack of respect for people.

I'm not suggesting a change in its function.
Simply a change of approach.
To doing what it does best once again.
Serving the people of London and beyond ...
... and becoming the mirror through which the world judges itself ...
... and best practise.
Through the provision of exceptional financial services, governance and the rule of law.

I referred to the Herculean task of making this happen.
Well it has been achieved before.

After the South Sea Bubble of 1720 ...
... the Chancellor John Aislabie was found guilty of the "*most notorious, dangerous and infamous corruption*"
... and sent to the Tower.
But with the help of Robert Walpole, the Company and the City survived and flourished.

Six years later, Daniel Defoe described London as:

“Vast numbers of people compelled to seek their livelihood by begging, robbing, stealing, cheating, pimping, forswearing, flattering, suborning, forging, gaming, lying and fawning.”

But it cleaned up its act and moved on.

Take the more recent public hysteria ...

... stirred-up by the media ...

... and the calls for every bank to be audited and that audit to be published for the people.

That followed the collapse of the Royal British Bank in 1865!

We can start again.

And we have to.

Let's remember that the City is not full of crooks and vagabonds!

The Livery Companies oversee much wonderful charitable work.

The City Bridge Trust provides grants of over £15m each year investing in Londoners, young people not in employment, education or training and other great causes.

On the very day I became an Alderman, the Court approved a significant award to the Trust to alleviate the difficulties suffered by those suffering from domestic violence ...

... a passion of mine ...

... killing and injuring more females globally than anything else.

The Livery gave £42m to good causes in 2010.

There are many banks where, since long before the crisis, employees leave for an hour at lunchtime to work with children from local schools.

And yet even that is not enough.

Charity must not be an act of penitence ...

... casting an artificial light over a dark soul.

The City will only truly be respected once again, when it is run for people.

And where profits reflect the greater good being created for society outside.

Having challenged the question as my legal training demanded ...

... I guess I should also answer it!

And I appreciate that I haven't done that yet.

But I hope my answer won't surprise you.

Of course we need the City.

Whoever and wherever we are.

But we need the right City.

Not a City that remains pre-eminent because it is fortunate enough to be situated in a convenient time zone.

Or because it speaks English.

But one that stands for all that is good about global financial services.

One that has a clear and fair regulatory environment.

One that fosters innovation and international connections.

One that encourages diversity and transparency in all areas.

We need a City that understands that doctors do not exist to carry-out operations. They exist to save lives.

That teachers do not exist to give detentions. But to inspire future generations.

And that bankers do not exist to make money. But to facilitate financial security, innovation and economic growth. And to serve their clients.

My own experiences in London were formative and enlightening ...

... but they were not easy.

And the City is considerably more diverse and empathetic now.

Tacitus referred to Londinium as a "*town of the highest repute*".

Let us strive to regain that reputation.

And to become the arbiter of good.

We live in an era where trust is at a premium ...

... where it has been lost in politics ...

... in the health service ...

... and in the press.

Let us strive to win it back.

Through clearer definitions.

Clearer understanding.

And clearer responsibilities.

This, in turn, will lead to a clearer appreciation of its worth ...

... and an acknowledgement of its rewards.

In short, the City needs to show it is part of the fabric of a fair society once more.

But it is going to take all of us.

We must take individual responsibility ...

... and collective action.

This is a choice.

We have to choose good governance.

We have to choose the rule of law.

And if we choose to do so – as I hope we will ...

... then we will have a financial sector supported by the lawyers, actuaries, insurers and everyone else associated with it ...

... and we will be fit to lead the wider City into the next eight hundred years.

Thank you.