

**STATSMINISTERENS VELKOMSTTALE PÅ REGJERINGENS MOTTAKELSE FOR
FIBV (Federation International des Bourses de Valeurs),
Akerhus Slott, 20. september 1993**

Honored guests,
Ladies and Gentlemen,

On behalf of the Norwegian Government I have the honour to welcome you to this reception in these ancient surroundings. Here at Akershus castle there is not much to remind us of the hectic pace of the world of financial affairs. Seen as a real estate project, this Castle could hardly be realized today, having taken centuries to build and being dependent upon the personal income of the individual monarchs.

Today financial transfers move literally at the speed of light and daily transactions by far surpass the GDP of numerous sovereign countries.

Few activities are so globalized as financial markets, and few have greater impact on the future world. The challenge of political institutions are increasingly to set framework rules that will ensure that political goals are met and that resources are being allocated to solve the pressing problems of the future, - how to ensure investment in people, in communications, in environmental protection - how to ensure a more equitable sharing of resources between different public, regional and global needs, - and how to use and adapt market forces to create stability and political participation.

Many economists describe small, open economies such as the Norwegian as a kind of laboratory where economic theory can actually be proven or proven to be wrong. Small, open economies depend heavily upon developments in global markets. We have experienced how turmoils of global financial markets

have profoundly affected our economy.

Our own deregulation of domestic financial markets came about in a period when economic ultra-liberalism was gaining in popularity in many countries. It was clear, however, that post-war regulation and rationing were becoming less effective.

Another motivating force was strong belief that efficient markets bring about the cheapest products and therefore provide the highest standard of living, and that this general theory was applicable for financial markets as well.

Like most pendulums, this one swung back again. In the latter half of the 1980s, we relearnt the lesson that liberalised markets do not necessarily mean stable markets. The price of learning the cost of unstable financial markets pointed to renewed need for some regulation. Bubbles and collapses in stock exchanges and turmoil in foreign exchange markets together with large interest rate fluctuations detached from the ordinary business cycles provided a playground for many operators. However, the creation of benefits and increases in the wealth of nations suffered from the lack of stability and the erratic nervousness of speculation.

The renewed call for Government action and the re-regulation of financial markets grew out of the need for protecting markets from their own potentially destructive forces. Obviously, even the most effective markets can give results that neither are beneficial for the market participants themselves nor for society. New legislation setting standards for participants in securities trading, regulating bank and insurance risks, and enforcing financial supervision aims at striking the right balance between free markets and community purpose.

Although views may differ on where that balance point lies,

government responsibility for a regulatory framework seems widely accepted, and I am pleased that the FIBV has taken an active part in these discussions.

In our own country we have taken measures to bolster the banking industry, recognizing that banks are institutions of vital national importance. We are determined to continue along a track leading to an as minimal distortion of the banking sector as possible. The facts that Norwegian banking industry is now regaining its forces speaks for the adequacy and necessity of our measures.

For an international and highly competitive sector such as finance, clean competition and harmonized competition rules are needed. Every country has an interest that uniform rules are effective.

We have experienced the hard way that a financial collapse in one part of the world can lead to collapses elsewhere.

In our quest to chart a course to a future which is more globalized, cooperation within and among regions will be increasingly needed. Financial operations, environmental hazards, threats to employment and opportunity are all by nature international in character. Acting alone, the nation state, even the largest and most powerful, will fail in defending its interest. Only by means of increased international cooperation can we find the lasting solutions to problems which are common.

It is in this light that the Norwegian Government has taken the initiative to stimulate more collective action to promote employment in Europe. Present unemployment rates are the highest since the Great Depression. Individual country's efforts to revitalize their economy have little chance of succeeding if made in isolation. This is why we set in motion a common process for all EC and EFTA countries. When ministers of economy and finance of all these countries sit down

together, as they did in Luxemburg this April, and when they commit themselves to working jointly, benefitting from the synergy of coordinated measures, we can have higher hopes for finding lasting solutions to the scourge of unemployment presently holding 20 millions of people hostage. When so much needs to be done in all our societies, we cannot afford to squander these human resources.

I wish you every success in your endeavours during the general assembly. The dialogue between the Government and industrial organizations is important in the domestic decision process. This is also the case when it comes to decisions made by governments in cooperation. I hope that the FIBV will continue to make its significant contribution to this cooperation, that will have a decisive impact on our common future.