

Statsminister Kåre Willoch

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TALE VED MOTTAGELSE FOR INSTITUT INTERNATIONAL D'ETUDES  
BANCAIRES PÅ AKERSHUS SLOTT 10. MAI 1985

Mr. Chairman,  
Honoured guests,

We are very pleased that you have found Oslo a suitable venue for this 68th session of the International Institute of Banking Studies, and it is indeed a great pleasure for me to welcome this distinguished gathering to Akershus Castle.

This Castle has a long and proud history. Akershus has, however, like our country as a whole, also experienced difficult times. As a kind of historical background to today's events, I would like to read to you from a letter written in October 1372 by Queen Margrete who lived here at Akershus, to her husband, King Haakon VI, who was out in the field warring against the Swedes:

"To my most dearly beloved lord, the most heartfelt greetings from me, Margaret. Know that I am well; God grant that I may hear the same of you. Know also, my dear lord, that I and my servants are in great want of vittles and drink, so that neither I nor they have sufficient for our needs. I therefore entreat you, my dear lord, to find some remedy lest

those who are with me part from me for hunger's sake."

I do hope you will agree with me that conditions here are better now.

I have been told that the International Institute is an informal forum for discussing economic and banking policy issues, - and I am sure that your discussions will prove very useful, as a kind of internationalization of thoughts and experiences in a vitally important field of economic policy.

International banking to-day is facing great challenges, but also great opportunities. I think governments are generally gratified to see that banking is becoming more and more internationalized, and that new finance centres are continually developing. This internationalization requires a closer exchange of ideas, experiences and knowledge among bankers. I am confident that your conference here in Oslo will prove beneficial in this respect.

One of the major challenges facing international banking to-day, is of course the debt servicing problems in many countries in Latin America and Eastern Europe and in the developing countries. I do not hesitate to say that the blame for the development leading up to these problems should probably be shouldered - at least in part - by the international banking community itself. I recall my consternation when I - as a young minister of commerce and shipping almost two decades ago - heard foreign

bankers say in earnest that governments cannot go bankrupt. That was to me a kind of indication that the history curriculae in secondary schools must have been insufficient in some countries. But it is encouraging to witness a marked willingness within the banking community to participate in solving these problems in a constructive way.

It is - I think - now widely accepted that we need coordinated action to resolve the debt servicing problems. The ability of debtor countries to manage and service their external debts could be enhanced by a steady growth in the industrial countries and world trade, by the dismantling of protectionist measures, and by an adequate flow of capital to developing countries. In this context, coordinated action by debtors and creditors and international financial organizations are needed to resolve continuing debt problems. It is essential that this action reflect the different circumstances of individual countries.

Some debtor countries seem to have made substantial progress in adjusting their economies. Commercial banks have indicated a readiness to negotiate long-term restructuring agreements, giving the debtor countries time to adjust. I think this aspect is highly important. It is necessary to avoid too heavy a burden on the poor people of the countries involved, and to avoid intolerable social and political pressures in these countries.

We should, of course, harbour no illusions that these problems will be easy to solve. It is a deplorable fact that many countries are likely to experience protracted debt servicing problems. It may therefore be necessary for creditor banks to consider flexible financial terms for such countries for years to come.

One of the many encouraging factors in the Western economy to-day, is the new dynamism and entrepreneurial spirit in the banking industry. In many countries the commercial banks have proved to be an important impetus in starting new businesses and creating new jobs. It is a great pleasure for me to be able to say that this new dynamism is also very marked in Norwegian banking, to the benefit of our entire society. Norwegian banks are also very active in the internationalization process, and we are witnessing clear tendencies towards Oslo developing as an international finance centre. At the same time, the Government has taken important steps in deregulating capital movements in order to increase the international competitiveness of Norwegian banks and Norwegian business in general. As of this year, we also welcome foreign banks in Norway.

The Norwegian Government regards our private banks as very important co-participants in creating the necessary new growth in our economy. We also recognize the key role played by international banks in the development of the world economy. A strong international banking system is of vital importance to the well-being of our economies and I hope that this session of the International Insti-

tute of Banking Studies will prove to be a valuable contribution in this respect.

I would like, however, to add a few words on the importance of bankers realizing the social and political realities of the world in which they operate, both in word and deed. This is part of what is necessary to preserve a free and competitive banking system, which is again necessary to achieve growth and social goals.

I wish you every success in your endeavours, and thank you for coming and for your attention.