

Sir G. Howe MP
Dundas-Hamilton

5th March 1979

Thank you very much indeed for your kind letter of 16th February. Mrs Thatcher was very grateful for your generous remarks.

Mrs Thatcher has now consulted Sir Geoffrey Howe about the suggestions in your letter of 11th January and their position is as follows. First, they strongly believe in maintaining close links with the City once we are in Government, but they are sceptical at this stage about making a formal appointment along the lines recommended. Secondly, as you may know, John Sparrow of Morgan Grenfell has been in weekly touch with Mrs Thatcher and our Treasury team throughout the past three years and the network of informal contacts which has been established is extensive, both in so far as Mrs Thatcher and Sir Geoffrey are concerned and amongst those people at Research Department level who may be working in Whitehall for the next Government.

Thirdly, Mrs Thatcher is determined to consolidate her links with the City on becoming Prime Minister by keeping several channels open to her Office in Downing Street. In that respect views will not be distilled through just one person. Fourthly, Mrs Thatcher and Sir Geoffrey are convinced that satisfactory results will require essential liaison between Treasury Ministers (as well as those in Trade and Industry) and the City.

We are very conscious about the contacts which Messrs Healey and Barnett, in particular, have developed with the City over the past five years. In several spheres their system has been an improvement on the links between the last Conservative Government and the City. That point is generally conceded. Finally as you may know Mrs Thatcher has not yet decided on the composition of her Cabinet. But she is well aware of the role undertaken by Harold Leverton behalf of the Labour Government and obviously she will bear this in mind while considering the formation of her first Administration.

I am sending Sir Geoffrey a copy of this letter so in case you would like elaboration on any aspect of what I have outlined, he will be in a position to comment.

With best wishes.

Richard Ryder
Private Office

J Dundas Hamilton Esq