

Prime Minister
Supplementary
material at flag A.
It appears that Lord
Richardson is the third largest
senior Governor of all time.

PRIME MINISTER

DINNER FOR LORD RICHARDSON:
TUESDAY 28 JUNE 1983

FERB

27.6.

I attach a draft speech for you
to propose the health of Lord and Lady
Richardson at Tuesday's dinner.

24 June 1983

Excellent -
FERB.
I know when
the governorship began -
who was first? Other
distinguished governors?
Any colonial ones?
The history of the
Cand. - how it has
changed?
not

P E R S O N A L



File Kb

10 DOWNING STREET

From the Principal Private Secretary

21 June 1983

B/R
I was very grateful to you for your letter of 9 June and for the very useful note about developments over the past 10 years with which the Governor may feel particularly proud to have been associated. I enclose a copy of some notes which I have put together for the Prime Minister and which draw heavily on your material. Could you please let me know whether there are any blunders in them. I think it unlikely that the Prime Minister will stick at all closely to them, but I would like them to be accurate.

Could you also please pass to the Governor the apologies of my wife and myself that we did not manage to get to the party last night given by the Court for him. Events developed here in a way which made it impossible for me to escape, and we were both very disappointed.

T. E. Allen, Esq.

E. E. R. BUTLER

P E R S O N A L

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BANK OF ENGLAND
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9 June 1983

F E R Butler Esq
Principal Private Secretary to
the Prime Minister
10 Downing Street
London SW1

Dear Robin

As you asked when we spoke on the telephone on 6 June, we have given some thought here to picking out some of the developments over the past 10 years with which the Governor may feel particularly proud to have been associated. I attach a list of suggestions which I hope may be of some use to you.

*Yours ever
T E Allen*

T E Allen
Private Secretary
to the Governor

Monetary and economic policy

- 1 Inflation - its reduction to the present rate.
- 2 As part of the means towards that, early and steady advocacy of monetary targets, sensibly interpreted.
- 3 Advocacy of the removal of exchange controls, and the consequent increases in investors' freedom to follow their own judgments and in British investment overseas. Also consequential reduction in bureaucracy both in the Bank of England and elsewhere.
- 4 The introduction of new techniques of funding - including partly paid stocks.

The Bank and the City

- 5 The successful containment of the secondary banking crisis.
- 6 Retention of the Bank of England's traditionally flexible, progressive and participative approach to banking supervision within the statutory and wider-ranging framework of the new Banking Act.
- 7 The improvement of the City's non-statutory system of self-regulation - notably the setting up of the CSI, the establishment of the City Committees and, most recently, the strengthening of self-regulation within Lloyd's.
- 8 The City's convincing response to the Wilson Committee enquiries.
- 9 The encouragement of innovation and enterprise in banking and the City generally.
- 10 Relating to the above - the Governor's quiet and private role of leadership within the City.

The City and Industry

- 11 The marked strengthening of the Bank's capacity to monitor and guide both, on one side, the banks and financial institutions and, on the other, industry in their dealings with each other. (The Bank's Industrial Finance Division, "the fire engine without bells".)
- 12 The beginnings of a reopening of the fixed interest ("debenture") capital market to industry.

The international dimension

- 13 The role of the Bank and particularly the Governor himself in the recent international operations to contain and resolve debt problems in, notably, Latin America and Eastern Europe...
- 14 ... much of which hinged on the Governor's personal relationships with, eg, Volcker, de Larosiere and Leutwiler.
- 15 The Governor's part in the BIS and the G10 & EC Central Bank Governors - Chairman of the G10 Governors in the exceptionally difficult period since January 1982.
- 16 Also, the rescue operation for the UK itself in 1976.
- 17 The Bank's role of leadership in the development of international banking supervision, eg, the new Concordat.
- 18 The Bank's part (involving especially the Deputy Governor) in the negotiations to free the Iranian hostages.

The Bank itself

- 19 The recruitment, development and leadership of a team of professionally expert advisers and executors of policy within the Bank. Strengthening of expertise on, eg, the economic and industrial side. Radical reorganisation of the Bank. Adaptations to the changing and developing role of the Central Bank, while maintaining its excellence in traditional areas (and some less traditional - eg the Prime Minister's lunch on Royal Wedding Day). The quality of the team inherited by new Governor.

- 20 A greater openness to public view and accountability - speeches, Quarterly Bulletin, Treasury and Civil Service Select Committee, Wilson Committee, etc. Also greatly increased responsibility to Parliament, notably through the Select Committee.

- 21 Increased efficiency and tautness in the Bank's staffing. Reduction in numbers from 7,200 in 1979 to 5,475 in 1983 is greater than accounted for by abolition of Exchange Control, which employed 775 in 1979.