

13 June 1984

MEETING WITH GORDON RICHARDSON, FORMER GOVERNOR OF THE BANK OF ENGLAND

I bumped into Gordon Richardson and heard his views on the international debt situation.

He is an enthusiastic supporter of the step-by-step approach and is a critic of any grand scheme for alleviating the burden.

He believes that the case-by-case approach will at times have to demonstrate more "flexibility", but accepts that this flexibility or generosity should only be demonstrated as and when the countries take strides towards adjusting their internal economies.

He believes it is important to go on monitoring the political and social state of the debtor countries on a case-by-case basis, and to reconsider action on any one if dangerous warning signs appear.

His best proposition was that it is at the very point where the case-by-case approach is beginning to work, but where people are becoming bored by it, that the dangers lie, as it is then that people will argue most persuasively in favour of a more whole-hearted or planned approach which could be disastrous.


J.R.