

UNCLASSIFIED

*Econ Pol
Domestic Mkt Pol*

FROM M C SCHOLAR
DATE 31 OCTOBER 1989
EXTN 4389

MR GIEVE

Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
Sir Peter Middleton
Sir Terence Burns
Mr Wicks
Mr Peretz
Mr Walsh
Mr O'Donnell

RA

~~Mr Gray - No 10~~
Mr Footman - B/E

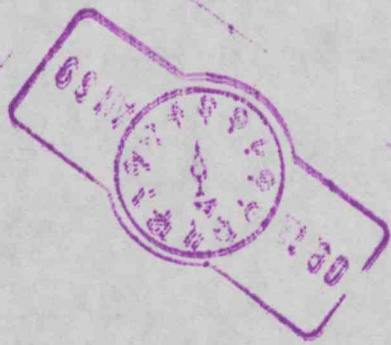
AN INDEPENDENT BANK OF ENGLAND: MR LAWSON'S SPEECH ON 31 OCTOBER

As you requested, I attach a line to take, which I have cleared with Sir Peter Middleton and Mr Gray at No 10.

MCS

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An independent Bank of England:
Mr Lawson's speech on 31 October

Q Is it true that Mr Lawson presented a fully-worked up scheme for an independent Bank of England to the Prime Minister last year?

A I understand that Mr Lawson put a proposal to the Prime Minister in late 1988 on this subject.

Q Why was the scheme turned down?

A Not prepared to disclose confidential discussions within government which take place on many subjects.

Q Were the Bank of England consulted?

A No. [The proposal did not get that far.]

Q. May we see the paper? Will you publish it?

A. No.

Q. What did Treasury officials recommend?

A. Not the practice to disclose official advice to Ministers.

Q. Was the new Bank of England to be modelled on the Bundesbank/ Fed etc etc?

A. Not the practice to disclose confidential official advice.

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