

copy under note 9 PPS 13/10 - Section 03,

14.10.82

CONFIDENTIAL

54/11
(carded)

NOTE FOR RECORD

Copies to Mr Blunden
Mr George
Mr Walker
Mr Cooke
Mr Dawkins
GPS

15/10

6.10.82
+ 13.10.82.

At my last two meetings with Douglas Wass, he has touched on the question of "co-ordination of responsibility" for City matters. The immediate stimulus for this was the discussion between the Governor and the Chancellor on the Howden affair and the Department of Trade's response to it.

According to Wass, the Chancellor feels unsure about lacunae or underlapse in responsibility for different parts of the City by different authorities. Specifically mentioned were Pension Funds and the Commodity Markets as well as Insurance itself. Wass contrived to give the impression, without actually saying so, that the Chancellor himself had suggested a standing Co-ordinating Committee with the Treasury in the Chair and involving Trade and other Departments as well as ourselves. Wass said he had thought he had killed any such idea, which he himself did not favour, but he went on to claim that he was uneasy about lack of co-ordination. In particular he expressed some unhappiness with direct contacts between the Bank and other Departments, urging that contact should always if not go through, at least involve, the Treasury. At one point he even suggested the appropriateness of having a Treasury person sitting in on all contacts between the Bank and, say, Department of Trade.

I expostulated at this and he did not pursue it but urged the importance of copying Notes of Record. I said that I was very confident in this area that DAW and his people did in fact keep the Treasury very closely informed; and that I believed

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the same was true of all other direct contacts between us and other parts of Whitehall.

It is nevertheless clearly a subject which is exercising both the Chancellor and Wass. Moreover, as a matter of substance there are, I imagine, some areas where supervisory and regulatory responsibility is not properly defined nor perhaps sufficiently vigorously exercised. It would be helpful if we could set out our own view on what the position is and what modifications, if any, we would like to see. (All this of course trenches very heavily on Gower.)

In the meantime, I have already put to Wass the Benson/Walker idea of a major exercise to try to improve the detection and punishment of fraud. I said that in due course we would be letting the Treasury have a paper on this.

Cwm

14 October 1982