Worshipful Company of International Bankers Oral History Collection

Interview Summary Sheet — Title Page

Ref. No.:

Collection title: Old City, New City (1979-86)

Interviewee's surname: Fildes

Title: Mr

Interviewee's forenames: Christopher

Sex: M

Occupation: Journalist

Date of birth: 1934

Father's occupation: Textile business

Mother's occupation: Textile business

Date(s) of recording: 26.07.18

Location of interview: 4 Scardale Villas, London, W8 6PR

Name of interviewer: John Thirlwell, Gerald Ashley

Type of recorder: Zoom H5

Total no. of tracks: 1

Recording Format: Wav 24bit 48khz

Mono or stereo: Stereo

Total Duration: 00:48:28

Additional material:

Copyright/Clearance: No

Interviewer's comments:

Biographical introduction	#00:00:00#
Old City, new City; Euromarkets; Regulation Q; sterling and the Bank of England	#00:01:02#
Secondary banking crisis (1973-75) and the Banking Act 1979; bank regulation and supervision	#00:08:00#
First Euromarket issue; abolition of Exchange Control	#00:12:55#
Stock Exchange regulation and Big Bang	
Lloyd's insurance market	#00:22:42#
Clearing banks' cartel	#00:28:52#
Regulation and supervision; FIMBRA, SIB, FSA	#00:34:00#
Attempted merger of RBS and Standard Chartered	#00:40:11#
Johnson Matthey Bankers	#00:42:55#
Independence of the Bank of England; supervision; resignation of Barclays Chairman (2012)	#00:45:05#
Conclusion	#00:48:00#

Interviewee: Christopher Fildes

Date: 26 July 2018

Interviewer: John Thirlwell

[0'00" Biographical introduction]

Q: Interview with Christopher Fildes, 26 July 2018. Christopher, what year were you born?

A: In 1934.

Q: And your parents, what did they do?

A: They were in business.

Q: Ah, what kind of business?

A: Textiles.

Q: Right and where were you educated?

A: Clifton and Balliol[i].

Q: Ah, and the period that we are talking about, very roughly '79 to 1986, what were you doing then?

A: I was, and had been for sometime before, a financial journalist. In the early '80s, I moved from the Daily Mail to the Daily Telegraph.

[1'02" Old City, new City; Euromarkets; Regulation Q; sterling and the Bank of England]

Q: When we, erm, talked to you earlier, a few months ago, you came up with this period of talking about the old City, new City. And we were also talking about David Kynaston's book[ii] where he comes up with the subtitle, 'A Club No More', and we're conscious that the world changed hugely between those relatively few years. The cartels, whether it was the clearing banks, the accepting houses, the stock exchange. What do you think was the sort of moving--, I don't think there was a trigger, but what were the sort of impetuses for the various changes in the various markets?

A: I think--, well I might start by saying that the, erm, invention of what were then called the Euromarkets which goes back to the 1960's, was [pause] the sign of change for--, from the post-War City that I remember, which I think of as a place of ARP sites and rosebay willowherbs and the City we have today, skyscrapers. This is where it all started and it started in some ways accidentally, erm, on the American side by an ill-judged regulation[iii] which stopped the great American banks from really doing business directly here. And on this side, by the discovery that since anything you wanted to do in sterling was under more and more different types of control, the sensible thing to do was to do business in some other currency. And I do remember very early on in this, writing a little piece to say that we would soon have dollar bills at exchange in London, and being ticked off by a very great man called Hilton Clarke[iv] in the Bank of England. “Young man,” he said, “I’ll trouble you to remember that this institution is a branded product of its own.”

Q: [Laughs].

A: But this went with the theory, which was certainly doctrine in the Bank from, er, Norman[v]’s day or earlier, that sterling was one of the mechanisms by which the City earned its living. And, erm, it took a while for the contrary to be worked up but it was. And really, without very much, er, observation. Really there was very little reporting with some exceptions. This international financial market began to grow up, erm, much helped by a few very bright and, in many cases, very congenial Americans and some very bright and congenial Brits. I was involved in it because Patrick Sergeant, my boss at the Daily Mail, started a little magazine called Euromoney and he told me to be the editor. So I had to get some idea of what was going on, and that goes back to 1969 so it’s really quite early. The business grew up to be the best thing the Daily Mail Group ever did, but that’s another story.

Q: So the Euromarket, oh no sorry...

A: We called it the Euromarkets.

Q: Yes...

A: Nothing to do with the euro of course.

Q: No, no, no and Eurobonds.

A: Exactly, yes.

Q: But the interesting thing is you’re suggesting, as most things, do happen accidentally and possibly Regulation Q.

A: Regulation Q obviously helped, and yes I am suggesting that and also the presence in London of some very bright people. I don’t--, Stani Yassukovich[vi] is a classic example. Erm, [pause] at . . . knew him well . . . he, erm, came here because it was a family business and the previous general manager had fallen off an ocean liner and somebody had to come and look at it. He’s written his memoirs which are well worth reading.

Q: Right, and--, you were talking about Hilton Clarke and the Bank and indeed, the Bank of England generally. So at what point did they begin to realise that they had a very different City to police, or so the old empire sterling world had changed?

A: I find it hard to say, I think it worked out over a period in the ‘60s and ‘70s, perhaps for instance, the collapse of the Crown Agents[vii] had something to do with it.

Q: Oh, that’s a thought, yes. Because...

A: They were constantly worried about sterling as of course they had to be, it was their job and they were worried in particular about sterling balances. The Crown Agents had to do with that because clearly, erm, if they turned out to be a complete bag of nails, which indeed they did, that was not going to encourage people to hold balances in sterling any more. How it all wound itself up I cannot now remember, but somehow that all went away.

Q: The problem of the Crown Agents?

A: No, the problem with the sterling balances.

Q: Ah, and why mysteriously . . .?

A: Clearly, yeah, but--, the Bank had in the '60s and '70s, we both remember, had to fight an ultimately losing battle on sterling's behalf. And, erm, there was a great man called Roy Bridge[viii] who ran the Bank of England's dealing room and technically brilliant. In the end, it came the great devaluation, erm, 1976 and all that, the arrival of the IMF in London. Erm, [pause]...

Q: And then as you know, we did--, of course we were doing the secondary banking crisis, it was the first project we did. And then we had the first Banking Act in '79.

[8'00" Secondary banking crisis (1973-75) and the Banking Act 1979; bank regulation and supervision]

A: I want to have something to say about that because, erm, the banking crisis was a classic example of something handled by the Bank in its own ways by a very authorative governor in Gordon Richardson[ix]. Brian Pitman[x] of Lloyd's told me that he went representing his boss to the critical meeting where Richardson had called everybody in and said, "All hands to the pumps," or "All hands to the lifeboat." He said, "Gentleman, I am not appealing to altruism," can you imagine the frisson of horror that ran through the walls. It's--, you're in it too.

Q: Gordon Richardson...

A: Gordon Richardson at his best. You ran it, and really that was extremely well handled and in a sense, it was, erm, a demonstration of the Bank's old authority of the governor's eyebrows and all that. And it was remarkable how little was actually said and written about it at the time, that was also part of his skill. And at the end of it, as we know, people suddenly woke up to the fact that there seemed to be no specific law governing the banks at all. You could, erm, if you were some rather secondary affair, you could get a certificate of a sort from the Board of Trade[xi], or whatever it was called at the time. But the Board of Trade never took any trouble to see who they gave them out to, they handed them out like confetti, it was said. And hence the sudden discovery that, erm, there were a number of quasi banks around who were in deep trouble and, erm, that the contagion from there was very dangerous and very great.

Q: Which of course, erm, was the problem for the Crown Agents?

A: Was a problem for the Crown Agents, and also, it became obviously a problem for the biggest banks of all is what Richardson told them. And it cost them a lot of money which they needed to pay.

Q: Yes, huge amounts.

A: Huge amount but at the--, the point was reached where they said, "We're not doing this anymore, you Bank of England had better bail out the next ones yourself." Also at that point, as you will sure remember, the fairly recently merged National Westminster Bank was the subject of gossip[xii] and ...

Q: Yes.

A: That was also very frightening development, but as you say, at the end of it and just before the 1979 election, a Banking Act was drafted and passed into law[xiii]. And that was the beginning of an enormous change, in my view, which is going onto this day, er, it is--, if I put it in a sentence I would have said it was a change from supervision to regulation. And I am by no means convinced that was a change for the better.

Q: But initially it was supervision?

A: The Bank always supervised, the Bank...

Q: With the eyebrows and...?

A: Well--, I think the way to look at it is that the Bank was the arbiter of credit and that if you were in this business and you crossed the Bank, you had no future.

Q: Yes.

A: I continue to think that reliance on regulation and the dangers that we've seen, that, erm, it encourages people to reach for their lawyers on every occasion and game the system as far as they can. Equally it encourages [pause], I'm being unfair when I say this, but it's a temptation for not very bright or well paid or, erm, well trained regulators to see if all the boxes are ticked, their work was done.

Q: Yes, yes.

A: So since then, I have actually lost count of the number of Banking Acts and Financial Services Acts we've had since then. But even today, I don't think anybody feels that we've seen the last of that.

Q: No, no and the library of regulations is vast.

A: Yes, yes, yes.

[12'55" First Euromarket issue; abolition of Exchange Control

Q: When you were talking about [pause] the change and the congenial people, whether US or UK or British, what sort of characters were you thinking about?

A: Well to name names I'm thinking of Stani Yassukovitch, Michael von Clemm[xiv], erm, I could produce others but these are the two that I knew best and really very much admired.

Q: And what were they doing to help this, I was going to call it a catalyst but such a change in markets or in the City?

A: Well they were raising money, erm, it is said that Warburgs was the first--, or was the company that raised the, er, first Euromarket issue[xv]. And [pause] putting Warburgs on one side which was almost a separate subject, this market--, well we'll come to it but you had internationally minded people who could see, erm, a market, not just over Europe, all over the world, growing up. And they wanted to do business and they were very good at it.

Q: Yes.

A: On the whole, that was better done by the incoming Americans than it was done by the Brits. The Brits were involved in it in the early stages, erm [pause], but one way and another, it became and, erm, a market in which the big American names dominated.

Q: Yes, yes they did. Coming back to the Thatcher government and of course the great thing that happened was the abolition of Exchange Control. Did that--, was that also partly a catalyst for . . .

A: Yes, I'm absolutely sure that it was, you find people who will give you much more, er, accurate explanation of why this was so. But it was the most visible change from the era of control. Don't forget that in the 1970's, there were controls of every sort, controls on lending, controls of dividends, controls--, indeed the presence of all these controls was, as I say, one reason for inventing markets where you didn't need any controls because it didn't have to do with sterling.

Q: Right.

A: But yes, erm [pause] it had been a long time hadn't it? The Exchange Controls had been running from 1939 to 1971/1979, I used to think that it was a sort of, erm, fortified frontier. The kind of thing that got thrown up in a hurry and become odiously permanent, rather like the Berlin Wall.

Q: Yes, yes, I can see that, yeah.

[Stock Exchange regulation and Big Bang]

A: [Pause] The connection between that and, er, what happened at the Stock Exchange is one that everybody traces, I don't think it's the only thing that, erm, happened. I think the Exchange was attempting to defend a monopoly and I think that would have been indefensible, whatever happened and whatever it is the Exchange said to the Government or whatever the Government said to the Exchange. Indeed I think it was only--, could only be an effective monopoly if the only place to exchange of stock was on that floor in, erm, in Throgmorton Street. You couldn't--, the moment technology made it possible to exchange stocks without going anywhere near the floor, that monopoly was doomed.

Q: Yes.

A: In that sense, I always thought that Big Bang was an implosion as much as an explosion.

Q: Yes, that's--, yes that's interesting. I mean the other, well the huge part of Big Bang, because we sort of talk about 1986, but actually Big Bang was running from '79 right the way through to

'86. The various mergers, the breaking up of the cartel of the accepting houses and so on and so forth, and the various, well obviously the mergers.

A: Yes, erm, that's certainly so--, I'd hesitate to say that that was a part of Big Bang and it was, as you say, it was the end of the kind of concentric City, erm, in which the accepting houses and the discount houses were closest to the Bank of England and wider rings beyond that. What I think, erm [pause], really floored the accepting houses and that was an enormous change because it had been running the--, they'd been the top class, they'd been running the place for thick end of 200 years. I think the failure of Barings[xvi] had an enormous effect, erm, it was after that--, it's not, I think been much recorded to be successfully covered up, but the Bank of England had to do a very well organised old-fashioned, don't tell anybody, rescue act on a quite extensive scale. Er, including some of the very best surviving names, no names no pack drill but I could give you them. And in a sense that was the sort of thing that the Bank could no longer do after of a series of Banking Acts, just had the power to do it at the time, it was early 1970's, it was before Gordon Brown's[xvii] Act. It was, of course, Eddie George[xviii], erm, what the Bank used to call, doing good by stealth which...

Q: Which in a way, erm, the Lifeboat was really one in that it was kept within the walls of...

A: Well it was--, I think people didn't really recognise its full extent, it couldn't be kept altogether secret and, erm, and some of us wrote about what was going on. But I don't think we knew the half of it.

Q: No, I don't think so.

A: But to go on, and it is going on a bit too that extent, erm, if you were member of one of the great merchant banking families and you saw what had happened to Barings. Er, I think you would say, well times up, times up, I've got a roof to mend, see if we can't get a taker for it. And, erm [pause], Warburgs in particular, which is a study in itself, erm, which having been, as it were, the outsider, the demonstrator of new ways of doing things, had become the establishment's, and indeed the Government's, merchant bank of choice. I think that was, in a sense, a great pity. It changed its character but it also made it complacent. But as, erm, in that short period, it got itself into serious trouble where first of all it had embarked on its ill-judged attempt to merge with Morgan Stanley. And then what was it going to do next? I got myself into, what I think must have been justified, trouble at that time, I'm going forward now to the '90s. By writing a piece under the headline, 'The Waring Crisis and the Barburg Castrophe'. I got the most corking rocket from David Scholey[xix] at Warburgs, er and I think it says now, that the position was far more serious than I had realised at the time.

Q: That's interesting.

A: Yeah, I don't blame him but I didn't enjoy it myself.

Q: So yes, the rise and fall of Warburgs.

A: The rise of--, yes. They finally sold out just no more than their asset value.

Q: Really?

A: Yes, and soon enough the new Swiss owners took the name off the business.

Q: Yes, that's quite right. [Pause] What about--, I mean, one of the interesting things that changed was that somehow Lloyd's, the insurance market, somehow, erm, escaped.

[22'42" Lloyd's insurance market]

A: Well it, erm, I remember writing at that time that it appeared to be, erm, a self-contained operation somewhere in the bottom of right hand corner of the City that still thought it was living in the 1920's. It wasn't integrated at all with, er, the banking or stock market city. I can say a bit about it because Ian Hay Davison[xx] is a friend of mine and I've talked a lot to him and indeed he's written one[xxi] about it. But, Lloyd's had two crises, one after the other, erm, the first one was the discovery that, erm, some of the bad barons were, erm, pouring money away to the South of France. And it was [pause] it was sufficiently worrying because first of all they got a retired High Court judge called Henry Fisher[xxii] to do a report on how Lloyd's should be reorganised. And secondly, the Bank, which by this point was Robin Leigh-Pemberton[xxiii], put Ian Hay Davison in, but did not in the event back him up when he needed it. So that the first reforms, erm, were not really effective. They were, er, concerned with the power of the broker barons. But that wasn't what was really going wrong at Lloyd's, what was going wrong at Lloyd's was that the members were being taken for a ride, erm, by the underwriters, syndicate managers. The only time I met Kenneth Grob, the famous Grob-father, was that--, he said something to me which I still think makes every sense, he said, "Whatever you think about the broker barons, we are at least people who know how to run a fair size business. The underwriters don't." It is true that when he finally sold it, er, there seemed to be quite a large amount of money that had gone sideways. He is also, I think, the only person in the whole Lloyd's rogues gallery, and that's not a too strong a word, to have actually been prosecuted. Very ineptly, a long time after the event, and, erm, they never got near convicting, he wasn't convicted. But you can think of a lot of names of people who should have been but, may I go back to what I was saying at the beginning about the market still thought it was living in the 1920's. I came across a not very bright chap, erm, in Lloyd's who really didn't seem to realise that there must be something wrong in state of affairs where he was being paid a large quantity of currency notes in an envelope. [Pause] This is how it happened, this is how it happened and of course, while you're in the upper part of the cycle, there was no difficulty in getting mugs in, er, come in old boy, you're making your money work harder, in fact you're making it work twice, like betting double on a horse race. Making your money work harder, it pays the school fees and of course, it's socially so smart. All these lines were put about and the membership doubled as you'll remember.

Q: It did, they were doing alright.

A: Yeah, well they were doing alright until they weren't, erm, specifically obviously asbestosis, erm, but it's a cyclical market. And the idea that, erm, you can deal with a national climate disaster and an enormous disaster by encouraging 16 or 20,000 people to sell their hunters, it's not shot, it made no sense. The whole idea that it was a good way of running an insurance market, erm, proved to be catastrophically wrong. And the real rescuers, you'll know, came in the '90s, David Coleridge and then David Rowland[xxiv], that took a lot of doing. It was--, spend a moment on it, erm, it had something to do with the Association of Lloyd's Members which Anthony Haynes[xxv] ran and the McKinseys who they got in and the McKinsey found a solution which was substantially what was, er, what was achieved at the end. I made a list of people who ought to have been given medals as troublemakers, erm, there was a man who, erm, produced some accounts for the members. What--, that annoyed the underwriters no end and it annoyed them even more when the accounts turned out to be right and what they had told the members was all wrong. Erm, [pause] there's one I got--, I remember getting it wrong when, erm, Lloyd's made an offer of settlement to the members and I said, "This is the final offer, they hadn't much choice but to accept it." "Not at all," said one of the, erm, people on the other side, "It's no more than a first bid at the Galway Horse Fair." That turned out to be right too but it was a very, very close squeak.

Q: Yes, it was. Yeah it has, what about the, erm--, I mean, sorry [both talking at once].

A: No go on, I wanted to rabbit on about Lloyd's.

[28'52" Clearing banks' cartel]

Q: No, good, erm, I mean the other--, one of the cartels or two cartels really, but the clearing banks, er, having to, well I suppose it was a post-War cartel until--, I don't know, probably...

A: Well I should think it dates back from--, I don't know but I would it guess it dates back from the 1920's and the great formation of the--, of the then big five which became the big four.

Q: Yes, the mergers that were happening then.

A: Yes and, erm, one of the things that always struck me, is that one of the reasons why Barclays is different from the other big four or big three, is that, erm, the others are or were to some extent, huge corporation bureaucracies. But Barclays is an amalgam of family businesses have joined together so as not to be mopped up by the joint stock banks, and until fairly recently had that flavour. I think it's also true that one of the things that happened to Barclays was the gene pool ran dry.

Q: Yes, it was--, well it was running alright when I was actually working there which was the late '60s, early 70's.

A: That's fine and had a very strong general manager in Derek Wilde[xxvi].

Q: Yes, absolutely.

A: Yes, and another in Derek Vander Weyer[xxvii].

Q: Absolutely.

A: But erm, the old Tuke, the iron Tuke and young Tuke, you remember, three powerful chairmen in their different ways, and I suppose Tim Bevan was a powerful chairman. I don't think you could say that erm, Buxton was a powerful chairman and before that, there had been John Quinton who was the first non-family chairman.[xxviii]

Q: Just about non-family.

A: Just about non-family?

Q: Because I thought he married in?

A: He may have done, I don't remember.

Q: Yes, it was always said that he was the first but actually he wasn't technically but he was technically but he was . . .

A: No, no, erm, yeah, you'll get on from that to the extraordinary sequence of events which came later in their recruiting Martin Taylor[xxix].

Q: Yes.

A: I got that right, in the Daily Telegraph, I got it right. We had a powerful story, it was headed, 'A Chief Executive tailor made for Barclays.'

Q: Well done.

A: We just worked it out. Nobody even tipped us off.

Q: Oh marvellous.

A: However, enough of that . . . boasting.

Q: Yes indeed, but the breakup of the, you know, the change in well I suppose, clearing bank world, any thoughts of that?

A: Yeah, they all [pause], they approached it in different ways. [Pause] In one way, I think you could say, that the people who got it rightist were the combination of Jeremy Morse[xxx] and Brian Pitman. Because they did one or two things that they would rather have had forgotten but basically they were trying to say, "Now what part of our business is going to be profitable and can we concentrate on that, and not do the other things."

Q: And it hadn't been . . .

A: And I remember Brian saying to me, "Ought we to try to take on the bulge bracket banks of New York at level pegging," he said, "I don't think we should make money doing that so we're not going try." That was a very successful banking model, more so than the others. Barclays is the one that tried hardest to, erm, and has continue to try hardest, to take on that sort of that competition in that sort of market, and it's a long story. Of the others, erm, National Westminster I think got itself into trouble for trying it, it didn't try very hard or very effectively and was therefore, erm, in a very weak position by the end of the nineties when the Scots came over the border. And as for the Midland which people forget about...

Q: No, no not me.

A: Well no, but again that is another unreported Bank of England operation I think--, I think it's fair to say that the Bank took a hand and said, "This has got to stop and we are putting in X and Y."

Q: Yes, this is the way.

A: Even though--, even though the chairman was a former deputy governor[xxxi].

[34'00" Regulation and supervision; FIMBRA, SIB, FSA][xxxii]

Q: Yes, he was. [Pause] What other changes of that period should we be talking about? Well also there's the--, I mean, you mentioned supervision and regulation...

A: Yes, which I distinguish between the two, I think it's important.

Q: I think that's right. But of course, slowly and it's probably later into the '80s, erm, yes we had FIMBRA and then SIB, and then of course the whole raft of these things.

A: Yes, yes, I once wrote a rather rude piece which said that FIMBRA derived from two Latin words finis an end and umbra a shadow.

Q: [Laughs].

A: But that was the, erm, that was the--, Jim, you'll remember his name? Gover. Gower[xxxiii]. Now, we--, the recipe in the nineties for, erm, a sort of self-regulation and therefore different, erm, regulatory bodies for different markets and one supervisory body over the lot. Er, it [pause]...

Q: Did it work?

A: I don't know whether anything else would have worked better but no, it didn't. Erm, [pause] and of course the moment you get to major Bank of England reform, you get to, erm, the decision to take supervision away from, erm, the Bank and have a, er, Financial Services Authority. Again, I think it's no secret that, erm, that was an immense change at the Bank which, erm, lost a large part of its authority. It lost gilt--, it was the government's management of the national debt, all that went. Anything, erm, that amounted to regulation, moved down to the other end of the Docklands Light Railway. And within the Bank, although it had a [pause] a lofty responsibility for financial supervision, that ceased to be the fashionable end of the Bank. It was a bit of a withered arm. All the excitement was in the monetary side of it and the management--, the freedom at last to set interest rates, the Monetary Policy Committee, its rather exciting [pause] conferences. Anybody in the Bank with a bit of ambition would want to be on that side of it and I think that that is, erm, one of the weaknesses that showed up in the end of the, erm, in the great crisis of '08. First of all, there was a [pause], there was a sense in which the whole problem had fallen between the tripartite stool of the Bank, the Treasury and the FSA. And when John McFaul on the Treasury Committee asked the question[xxxiv], who was in charge? That was a very, very pointed question. Erm, [pause], we're going forward from the period you speak of.

Q: No, that's right but it is interesting because I always felt that--, I mean, the one--, it meant also that none of those three were in touch with the markets.

A: That is a very fair point and that's right.

Q: And of course the Bank did--, was in touch with, well with the people they were supervising and with the markets and so they got the gossip. And suddenly, you know, people like you were still getting the gossip and nobody was actually--, but the regulator . . .

A: No, erm, at the top of the Bank, erm, there was a good deal of, erm, hostility indeed between the top brass and the governor in particular. And the big banks in particular, hostility between the banks engaging in what he called financiering. There was a famous Mansion House dinner, you know, when, erm [pause], Gordon Brown spoke, it was his last one as Chancellor and, erm, Mervyn[xxxv] spoke. Gordon explained to an enthusiastic audience how splendid achievements the City was making and how it was really the world's greatest market place, etc. And Mervyn got up and said, "Just be a bit more careful, I mean, if you think its champagne, don't just believe the label." But there would have been a time when that would have been a sufficient warning, but it wasn't then.

Q: Yeah, yeah. [Pause] Actually I'm now flicking back to--, because I've just remembered when last we spoke, erm, you did talk a bit about the--, so we talked about NatWest and when the Scots came over.

A: Yeah, yeah.

[40'11" Attempted merger of RBS and Standard Chartered]

Q: And then of course there was this sort of attempted merger between RBS and Standard Chartered?

A: Yes, now that's an important point and thanks for it because this was, erm, this was I think in the early '80s.

Q: That's right.

A: And the late Gordon Richardson period and, erm, he had the two parties to that, er, had gone along to the Bank and behaved in a nice manner. And then what happened--, what happened was that the Hongkong and Shanghai Bank came over the border, er, and said, "We are going to make our own bid and it's going to be higher." How dare you do this without asking the Bank, Richardson was furious. If I've got the names right, he told the Hambros director, the name I think was Clegg[xxxvi] was a director of the Bank. They had been acting on the HSBC side and Richardson demanded his resignation from the Court of the Bank, to which Clegg said, "I was appointed by the same lady as you did and I will stay until she stops."

Q: [Laughs] Excellent.

A: But, erm, I can't verify that but that was--, that was said at the time but what is clear, is that, erm, that was the first time that the Governor's authority and a matter of that kind was publicly challenged. And Richardson attempted to get a piece of law passed through saying that such an authority would always be needed in bank mergers but the Bank--, our Treasury wouldn't play. You can imagine trying that one on Nigel Lawson and Geoffrey Howe. That was a real turning point and I think I am very glad to be prompted on--, about it. Nothing was ever quite the same again after that.

Q: That’s interesting because of course, then it became a Monopolies Commission and all sorts of things.

A: Well yes, but what happened...

Q: The important thing . . .

A: What happened in the end--, yes, what happened in the end was I think very funny was that an absolute classic fudge was achieved that, erm, both the bids for the Royal Bank of Scotland were barred by the Monopolies Commission on the grounds that it would reduce the career opportunities for Scottish bankers. I mean, just look at the HSBC, I mean, how did they recruit? They left out bowls of porridge at the corner of Sauchiehall Street.

Q: Yeah.

A: [Laughs] I doubt that you were sending [inaudible 0:42:41], yeah, however, that got--, that got everybody around that corner but the Bank’s unquestionable authority was never the same again. I think that is important and I'm very grateful to be prompted.

[42’55” Johnson Matthey Bankers[xxxvii]]

Q: Another *cause célèbre* I suppose of that time, was Johnson Matthey?

A: Yes.

Q: Now then...?

A: Now then, yes, interesting in a lot of ways, one is that, erm [pause], the accepting houses came back to the Bank and said, “Please do something about this, specifically because Johnson Matthey was one of the members of the gold market and therefore, erm, others in the gold market--,” I'm pretty--, Kleinwort Benson and Sharps Pixley. If the gold market was rocked, erm, some of their members were rocked. Erm, but [pause] any attempt, and I think there was an attempt, to get a conventional lifeboat going, got nowhere, no one would come to the oars. And, erm, the Bank in the end actually sorted it out, erm, in its own way, [pause] Who was it? Rodney Galpin[xxxviii] I think took a grip on it.

Q: Oh did he?

A: I'm pretty sure it was Rodney but, erm, you know, that’s all a matter of record.

Q: So was there some--, well there wasn’t a lifeboat was there?

A: There was not a lifeboat, erm, and it was significantly--, it was suggested, as I understand it, that there ought to be a lifeboat and nobody rushed to the oars.

Q: Oh I see, rather than...?

A: No, no, erm...

Q: As I was thinking, was Lawson involved?

A: Lawson was involved because he had, erm [inaudible 0:44:49]. Lawson was involved because over this he had a corking row with the Bank because he believed that he hadn't been told what the Bank was doing. That is all a matter of a record.

Q: *Plus ça change*.

[45'05" Independence of the Bank of England; supervision; resignation of Barclays Chairman]

A: Yes, quite, yes. When he, in his resignation speech, er, said that he had attempted to persuade Margaret Thatcher that the Bank should have independence, that was, erm, quite a--, quite a startling moment. And again, if you don't mind another of my jokes, I said it was a bit like Cromwell offering dominion status to Connaught.

Q: [Laughs].

A: But that independence was, erm, as we can now see, it was independence to set monetary policy but it, erm, it shrank the Bank's authority and responsibility very greatly. Now it's sort of halfway back again because the whole structure is supposed to be within, erm, the Bank at the top of it, but I'm never quite sure how this works. I also have some difficulty of remembering the difference between the Prudential Regulatory Authority and the Financial Conduct Authority, but that's my fault.

Q: But at least it is housed back to where it should be.

A: I think that's right, yes.

Q: And I think probably, yes, better.

A: I think it's better but I go back to my point that, er, supervision's one thing and regulation is another. And the importance of supervision has been allowed to, er, to drift. One moment in all of this is, erm, and this is going to the twenties[xxxix] obviously, is the extraordinary scene described in this book[xl] when, er, Mervyn as Governor calls in the Chairman[xli] and chief non-exec[xlii] of the, er, of Barclays and said, "You've fired the wrong man," literally said that, the wrong man has gone. He said, "Go away again, Chairman and the man I'm thinking of is a chap called Diamond, you'd have heard of him, erm, and then when you got that tidied up, you can resign yourself." Because you will remember that Marcus Agius, I think, er, absolutely admirably said that so much had gone wrong that the Chairman should carry the can.

Q: Not many did though.

A: Not many did, no. We had great difficulty with, erm, to encourage dear old Tom Boardman to move out.[xliii]

[48'00" Conclusion]

Q: Yes, yes, I'd forgotten that one, yes. I think, Christopher, we have done a good canter through.

A: Well I've enjoyed it immensely, erm, just shows that my memory is creaking but not entirely collapsed and I'm happy to do anymore if you'd like it.

Q: That would be delightful.

A: I'm on call.

Q: Thank you so much.

A: Well it's been a pleasure.

END OF RECORDING: 0:48:28

---

[i] Clifton College, Bristol and Balliol College, Oxford.

[ii] David Kynaston, 'City of London, Vol 4: Club No More, 1945-2000', Chatto & Windus (2002).

[iii] Regulation Q is a Federal Reserve regulation which sets out capital requirements for banks in the United States. From 1933 until 2011 an earlier version of Regulation Q imposed various restrictions on the payment of interest on deposit accounts. During that period it prohibited banks from paying interest on demand deposits. (Wikipaedia)

[iv] Principal of the Discount Office, Bank of England (1953-67).

[v] Sir Montagu Norman, Governor, Bank of England (1920-44).

[vi] Stanislas Yassukovich, a Euromarket pioneer, came to London with White, Weld & Co in 1961, founded the European Banking Company, was Chairman of the Securities Association, Deputy Chairman of the Stock Exchange and Chairman of Merrill Lynch Europe, Middle East & Africa during and after 'Big Bang'.

[vii] Prior to 1997, the Crown Agents was a UK public statutory corporation, overseen by the British Ministry of Overseas Development. From the 1960's it expanded its activities to include more international development projects and investment management, including equity stakes in and lending to secondary and fringe banks. In December 1974 the Government provided a loan of £85m (later increased to £175m) together with a standby loan from the Bank of England to prevent the Agents' collapse.

[viii] Roy Bridge worked in the Bank of England (1929-69) and was in charge of international currencies. Forrest Capie, in his history of the Bank of England, qualified him as "the master of foreign exchange but also a considerable character".

[ix] Sir Gordon Richardson, Governor, Bank of England (1973-83).

[x] Sir Brian Pitman, Chief Executive (1983-97), then Chairman (1997-2001), Lloyds Bank, later LloydsTSB.

[xi] Under the Companies Act 1967, companies were able to obtain a certificate provided by the Board of Trade to transact banking business under S.123.

[xii] The Secondary Banking Crisis. The clearers, which supported the 'Lifeboat', agreed with the Bank of England in August 1974 that their exposure should be capped at £1.2bn. In November 1974 the Chairman of National Westminster Bank refuted rumours of Bank of England support of NatWest.

[xiii] Banking Act 1979 enacted 4 April 1979. It provided supervision by the Bank of England to 'recognised banks' and 'licensed institutions' and established a protection scheme for depositors.
The General Election of 3 May 1979 returned Conservatives to power, Margaret Thatcher Prime Minister.

[xiv] In a career move away from academia, Michael Von Clemm followed his father and grandfather to Citibank in 1963 where he was responsible for inventing several financial instruments and services. Citibank launched its first Eurodollar issues in 1966. In 1971, Stanislas Yassukovich hired Von Clemm

to join him at White Weld, where they worked on the on the development of the Eurodollar CD market and the feasibility of a Euro-commercial paper market. When Credit Suisse took a 40% stake in White Weld, he rose rapidly to become a senior Director of the combined Bank. However, Merrill Lynch made a play for White Weld in 1978 and Credit Suisse needed a new partner. Von Clemm did a deal with First Boston and became Chairman of the newly formed Credit Suisse First Boston, and then additionally Chief Executive in 1979 until 1983. He resigned as Chairman in January 1986.

[xv] Warburgs arranged the first Eurobond issue in London for Autostrade in July 1963.

[xvi] Barings was brought down in 1995 by a massive trading loss caused by unauthorised trading by its head derivatives trader in Singapore, Nick Leeson. ING, a Dutch bank, purchased Barings Bank in 1995 for the nominal sum of £1 and assumed all of Barings' liabilities, forming the subsidiary ING Barings.

[xvii] Gordon Brown, Chancellor of the Exchequer (1997-2007), Prime Minister (2007-10); Bank of England Act 1998.

[xviii] Eddie George, later Lord George, Governor, Bank of England (1993-2003).

[xix] Sir David Scholey, former chairman (1983-) and chief executive of SG Warburg *[dates?]*; Director, Bank of the England (1981-98).

[xx] Ian Hay Davison, Chief Executive, Lloyd's insurance market (1982-)*[check dates]*.

[xxi] Ian Hay Davison, 'A view of the Room: Lloyd's, change and disclosure', Weidenfeld & Nicholson (1987)

[xxii] In 1979, Henry Fisher, a High Court judge, conducted an inquiry into self-regulation at Lloyd's. The following year his report recommended the adoption of a new constitution, including the creation of a new governing council and effective disciplinary procedures.

[xxiii] Robin Leigh-Pemberton (later Baron Kingsdown), Governor, Bank of the England (1983-93).

[xxiv] David Coleridge, Chairman, Lloyd's (1991-92); Sir David Rowland, Chairman, Lloyd's (1993-97)

[xxv] *Anthony Haynes, Association of Lloyd's Members* *(0)20 7283 0931*

[xxvi] Derek Wilde, General Manager (1961-72), later Vice Chairman, Barclays Bank (1972-77)

[xxvii] Deryk Vander Weyer, General Manager (1969-77); Chairman, Barclays Merchant Bank (1977-80); Chairman, Barclays UK (1980-83); Deputy Chairman, Barclays Bank Group (1980-88).

[xxviii] Barclays Chairmen: William Tuke (1934-36), Anthony Tuke (1951-62), Sir Anthony Tuke (1973-81), Sir Timothy Bevan (1981-87), John Quinton (1987-92), Andrew Buxton (1993-99).

[xxix] Martin Taylor, Chief Executive, Barclays Bank (1994-98)

[xxx] Sir Jeremy Morse, Chairman, Lloyds Bank (1977-93).

[xxxi] Sir 'Kit' McMahon, Chairman, Midland Bank (1987-92); Director (1970-80), Deputy Governor (1980-86), Bank of England.

[xxxii] FIMBRA - The Financial Intermediaries, Managers and Brokers Regulatory Association. Its recognition was revoked by the Securities and Investments Board (SIB) in 1994. The name of the SIB was changed to the Financial Services Authority (FSA) in 1997. The FSA started to exercise statutory powers given to it by the Financial Services and Markets Act 2000 that replaced the earlier legislation and came into force on 1 December 2001. At that time the FSA also took over the role of the Securities and Futures Authority. The FSA lasted until 2013, when it was split into the Prudential Regulatory Authority and the Financial Conduct Authority.

[xxxiii] Professor Laurence Gower was asked by the Government in 1981 to report into investor protection regulations for the financial services industry in the United Kingdom. It led to the Financial Services Act 1986, which established the Securities and Investments Board and a system of five self-regulatory bodies covering the various financial services markets.

[xxxiv] John McFall (later Baron McFall of Alcluith), Chairman, Treasury Select Committee (2001-10).

[xxxv] Mervyn King, Governor, Bank of England, 2003-13.

[xxxvi] *Clegg, Director of BoE, Hambros director; Sir Cuthbert Clegg (Chairman, Martin's Bank c 1969)*

[xxxvii] Johnson Matthey Bankers (JMB) made significant loans *to [???? Margaret Reid]* in the early 1980's which turned out to be bad. It was one of five members of the London Gold Fixing. Bank of England officials were worried that if it became insolvent confidence in the other bullion banks would be undermined and panic could spread to the rest of the British banking system. To prevent a wider banking crisis the Bank of England organised a rescue package on 30 September 1984, purchasing JMB for £1.

[xxxviii] Rodney Galpin, Assistant Director, Bank of England, handled the Johnson Matthey crisis. He later became Chairman of Standard Chartered Bank (1987-93).

[xxxix] Fildes means the century beginning 2000, i.e. years starting 20xx.

[xl] Philip Augar, 'The bank that lived a little: Barclays in an age of a very free market' (Allen Lane, 2018)

[xli] Marcus Agius, Chairman, Barclays Bank, 2007-13.

[xlii] Sir Michael Rake was on the board of Barclays (2008-15) and Deputy Chairman (2012-15).

[xliii] Lord (Tom) Boardman became Chairman of NatWest Bank in 1983. County NatWest was savaged by inspectors at the Department of Trade and Industry for its handling of the Blue Arrow takeover of Manpower. Three top executives resigned, and Boardman stepped down three months early in 1989. The 'we' alluded to by Mr Fildes was 'the City pages'.