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Interview Summary Sheet — Title Page

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Interviewee's surname: Kynaston | **Title:** Mr

Interviewee's forenames: David | **Sex:** M

Occupation: Social historian | **Date of birth:** 1951

Father's occupation: Army officer | **Mother's occupation:** Translator and housewife

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Interviewee: David Kynaston

Date: 24 April 2019

Interviewers: John Thirlwell (Q1) and Gerald Ashley (Q2)

[0'00" Introduction and biography]

Q1: Interview with David Kynaston. Interviewers John Thirlwell and Gerald Ashley. 24th April 2019. David.

A: Good morning [laughs].

Q1: I suppose--, first thing that we should ask you is, in what year were you born?

A: I was born in 1951, when it was still Attlee's government and the old king, just. End of July, July 30th '51.

Q1: And your father, what did he do?

A: He was an army officer, my father, and my mother's still alive, German, so it was quite a sort of unusual Anglo-German marriage so soon after the War. They met when my father was in Germany and my mother was working, I think, as a translator in one of the army bases in late '40s, I guess, and that's where they met.

Q1: And your education?

A: Yes, I went to--, I went to prep school in Shrewsbury called Prestfelde School, and then 1964, just before the October '64 election we've been talking about, went to Wellington College in Berkshire. Then 19--, so that was '64 and then 1970 to '73, read modern history at New College in Oxford, so that was really my education.

[A club no more: changes from the pre-1980's village; aluminium war; Lord Cobbold]

Q1: I suppose we're asking you here because of *City of London Volume 4*[i], which was 1945 to 2000.

A: 2000, yes.

Q1: And you entitled it *A Club No More.*

A: Yes.

Q1: I was quite interested as to whether actually the period that we are particularly interested in, '79 to '86, was that really, between '45 to 2000, was that the sort of period that really, really changed the City?

A: Yeah, I think that's broadly right, John. I think the City was starting to change. You can see signs of it in the '60s and '70s. Even, you know, the legendary aluminium war of the winter of '58/'59[ii] when you have the sort of two sides lined up, the sort of old, very gentlemanly, well-connected city, Lazard's and Hambros and so on, on the one hand, and on the other hand, a thrusting Siegmund Warburg on the other; and poor old Cobbold as Governor of the Bank of

England[iii] called a truce and the old style merchant banks played by the rules and Siegmund Warburg[iv] didn't. He kept piling into the market and won the day. You know, that's often rightly seen, I think it's a very symbolic moment of new forces coming up, you know, we're going to shake things up and so on. There were plenty of signs of change during the '60s and '70s. I mean, not least perhaps women becoming members of the Stock Exchange in '73, I think it was. But I think it does seem to me, and now we've got a bit of--, I mean, I was writing that book, *City Vol 4,* in the late '90s, finished it in 2000 and it was published in '01, pretty close to events, and now we're getting on for--, you know, 20 years on from when I finished that book so we've got a bit more perspective. I think probably that perspective one had by the late '90s, I think is the correct one, that it was some kind of revolution that took place in the City. I mean, it was more than just reform. I think it was more fundamental than that. Peaceful revolution, fortunately, but revolution nonetheless, which was cultural as well as functional, and so it was a very dramatic time and yes, in answer to your question, a club no more, moving away from that rather club-ish City, everyone knowing each other. I mean, I think perhaps just standing back from my own--, sort of how I saw things as a City historian, I think one doesn't--, I tend to feel generally in life few people get very many big ideas. Certainly, I never had that many big ideas, but the big idea I did have about the City, and I think it was original about the old City, the pre-1980 City, was that for all its importance, its manifest importance as an international financial centre and so on, that old City was like a village; and that it could be looked at like a village, with customers and different customers and mores and different tribes within the village, and so on. I was always very struck,-- there was a moment when Cobbold, giving evidence to, was it Radcliffe[v]? It might have been Radcliffe, or it might actually have been the enquiry into the bank rate leak of '57[vi]. Anyway, one or the other, Cobbold said something like, 'If I want, I can just get in my room in about half an hour, all the important people,' you know, it's just--, so physically people were close to each other. You know, it was the Square Mile and so on. There was a lot more sort of casual, by chance interaction between people on the streets and so on. Markets, of course, were physical, and you know, the great thing about the old City was that, you know, one can certainly make a case--, well, let me say this, it would be nice to get it on tape, actually. When I went to interview Henry Grunfeld[vii] in the late '80s--, sadly I never met Siegmund Warburg, but I did get to meet Grunfeld in the late '80s when I was doing the Cazenove history and they kind of sent me along. Grunfeld was not an easy man to understand with that strong, guttural voice of his, but I think what he said was that he told me about his impressions on coming to the City back in the '30s, mid-'30s, I think it was, and he said two things really struck him. One in a negative way and the other in a positive way. The negative thing is he was struck by the City establishments, mixture of arrogance and complacency, its lack of openness to new ideas, and he found that rather depressing. Against that, he thought that the old City, the City he encountered back in the '30s, and this would apply very much to the next 40 years, was a fantastic machine in terms of the way it did business because it was based on trust, it was based on people knowing each other. It wasn't excessively formal or bureaucratic. It was a wonderfully oiled machine. So just at the level of actually doing the business, it worked really well, so that was an intrinsic part of the village, as it were. So the deep conservatism on the one hand, lower case C, well actually in practice upper case C for most of the time, was in some ways I think regrettable. But the other side of the coin was the way it just worked so well on a day-to-day basis.

[7'36" Factors of change and external pressures; effects of the abolition of Exchange Control; minimum commissions and single and dual capacity]

Q1: You also mentioned the cultural change, in fact, all the way through, whether it's transactional as opposed to relationships, but also of course the barrow boys, you know, the best shampoo as you put it.[viii]

A: The best shampoo, yes that's right.

Q2: One thought is do you think the change came from external forces or internal forces? I mean, New York was starting to deregulate from '75…

A: Hmm, May Day.[ix]

Q2: Yes, and so were these forces coming over the hill towards the City anyhow, do you think?

A: Yeah, I mean I think it was broadly a case, Big Bang[x], of external forces at work. I mean, the living on the whole was quite comfortable for the people who were making the key decisions in the City, surely, and you look at the different parts of the City, whether it was the Stock Exchange itself or the accepting houses or the discount market. The discount market was slightly struggling, but even so, these were pretty protected ways of life, on the whole. High barriers to entry, kind of semi-cartel. I mean, even taking clearing banks, I mean actually I know there was Competition and Credit Control[xi] in the early '70s that shook things up somewhat compared with the previous half century, coming out of the First World War, when the Big Five[xii], as it were--, as was, that were established, but even so I still think it was pretty sluggish in the clearing banks in the '70s, despite Competition and Credit Control. So in a sense, it would have taken--, you know, people don't change on the whole, don't go in for fundamental change unless they're pushed to do some sense.

Q2: If it wasn't broken--

A: It's human nature. It's human nature. I think--, but just on that--, so it's a mixture, isn't it, therefore if we're trying to analyse the forces of external pressure. So it's a mixture of, as it were, economic forces and political, I guess, really. On the economic side, I think the abolition of Exchange Control was huge, in '79[xiii], in terms of a new world of kind of capital flows coming. That's certainly Goodison's view.[xiv] Essentially, it was rather like Big Bang itself, Exchange Controls were--, abolition of, were imposed on a rather reluctant, conservative City, would tend to be my view.

Q2: In a way, this was a two-way street, Exchange Control, wasn't it, because it opened up this whole new sources of capital and potential business, but the other side of the coin, here come all the foreign competitors and now, as you've just said, there's no longer these rather nice sheltered markets, also with very protected margins and…

A: Yes, no minimum commission.

Q2: Absolutely.

A: I was just going to say, what I found, having a quick skim read this morning of my fairly detailed account of the City Vol 4, what I realised reading it was the degree, and I don't think I quite sort of analysed it properly in the book in a way, was the degree of uncertainty or how long that degree of uncertainty seemed to persist about the whole question of how much were these changes to do with commission and then capacity to move away from single to dual capacity. How much did people at the time realise that--, the membership question and who was going to--, ownership question and how that was going to kind of completely change things. Certainly there's a point, and I'm now struggling for the exact date, but Goodison reporting back to the Council, Stock Exchange Council, after his conversations with government--, I think it's probably during that summer of '83 point.

[12'17" The Stock Exchange ownership question; opening up to foreign competition; silly prices paid for firms]

Basically, he says the government doesn't really know quite where it stands on this membership question, on this ownership question, because actually I mean, certainly looking at it now, the ownership question is at the heart of the story, isn't it? I mean, far more than questions of commission and capacity, is that fair to say? I mean, in terms what--, so what was the Big Bang revolution? Ultimately, it's to do with opening to foreign competition and foreign ownership, that seems to me the--, that's the big take away or would you disagree, John?

Q1: No, I agree with that, but of course we were talking to Oscar Lewisohn.

A: Yes.

Q1: So we heard Warburg's, Ackroyd & Smithers, Rowe & Pitman and eventually--, who else?[xv] Who have we got?

Q2: Those were the big three and [both talking at once].

A: They were all British, actually.

Q2: Yeah, he made the point they were very early out the traps in putting that together.

A: Yes, well that--, I mean, the two--, I mean, the Warburg's and BZW[xvi] became the two sort of British champions, didn't they?

Q1: Yes.

Q2: Yes.

A: That was important, I think, to both--, it was certainly important to the Bank of England, I think, which was always concerned that there shouldn't be excessive ownership, as it were, wanted to get the balance of right.

Q1: But of course, silly prices were paid.

A: Ludicrous, yeah, for them and for plenty of others as well. What I think [both talking at once]. This is a good--, you mention that, and rightly. That then really leads to the question which is another sort of thing I was thinking about, reading the pages this morning, was at what point in terms of the decision-making process, as far as the Stock Exchange and its member firms were concerned? Did the factor that some individual people were going to become extremely rich as a result of selling their firms become a significant consideration? Now obviously, that's never going to be revealed in minutes of the Stock Exchange Council or whatever. It's not--, you know, Joe Smith is not going to say, 'Well, given that I stand to make X by this, then I think let's go for it,' you know, you're never going to get that.

Q2: I do remember an argument that said that the partners shouldn't have profited in the way they did because it was all the legacy capital that had been built up in some firms over 100 years or so, and they were the lucky generation that were going to--

[14'57" Cazenove & Co – John Kemp-Welch on partnership and trust; US capital; Cazenove capital raising]

A: I was having a look, actually, last night at my--, it was a long time since I've looked at it, actually, in the history I wrote at Cazenove[xvii], and that was mainly written in the late '80s. It wasn't published until '91 because of the whole Guinness[xviii] story, it kind of put a delay on it for a year or even two years, I think, from memory, but essentially, mainly I think of '88, '89, so it was only two or three years after Big Bang and, of course, at that point Cazenove were the only sizable firm that had stayed out

Q1: I was just going to say—

A: [both talking at once]. What Gerald's just said is absolutely right, very, very close indeed to both what was said at that time and what was said--, you know, what was said at the time, I've got written evidence *[inaudible 0:15:41]* also in interviews with me as joint senior partners then, John Kemp-Welch[xix] and Anthony Forbes, but Kemp-Welch was the more senior of the two joint partners when it came to overall, ultimate decision-making. What John was--, who had a strong sense of history and his father had been in the firm after the War and done a lot to get Cazenove in shape for the modern, post-War--, new post-War world. What John felt so much is that at any one time, a partnership was kind of, it was a position of trust, really, and that they had an obligation both to future partners and, as you say, the previous partners that had built things up. So for a jackpot for one generation, there was something actually morally wrong about it. Of course, and I think I say it in the book but probably quite gently, the Cazenove partners were, on the whole--, certainly the top half of the partnership who would have got the most money, were pretty well off. It would have been somewhat less of an incentive, just pushing aside the ethical or moral dimension.

Q2: Though one problem, in personal terms, they certainly would have been very wealthy, but they wouldn't have commanded the capital of a Lehman Brothers or a Goldman Sachs and Salomon Brothers, at the time, who were the sort of hoards that were going to be coming over from the Atlantic. They were bigger capitalised firms.

A: Oh absolutely. Cazenove did put in place quite effective capital raising measures, including from the institutions, particularly the life insurance companies, if I remember rightly, who were under arrangements that kept those people putting in the capital very much at arm's length. I mean, it was quite a clever scheme they came up with in around '85, '86 to do with increasing their capital, though of course as we know in the end…

Q2: So this was like an underwriting pool for bought deals or something like that.

A: Something like that. I can't actually quite--, I've got quite a lot of detail in the book, which I don't remember now, but it was quite a canny way of injecting capital and answering that problem, particularly to do with the underwriting--, you know, it was so important in the corporate finance of course. In terms of that larger question, that larger, as it were, sort of philosophical or ethical--, they could--, they did take that, I think very creditable line, but there were other firms with some pretty rich partners who didn't take that line. So I think one can give Cazenove some genuine kudos, personally, for that.

[18'22" Motivations of Big Bang; Philips & Drew; John Craven and 'top dollar']

Q2: Was it opportunistic, desperation, panic? Was there [both talking at once].

A: Well, I think--, yes, go on.

Q2: Once you've got Warburg's and, you know, that put together, did the others then…?

A: I think there was often quite a worry. You know, it was a bit like wallflowers at a dance. Is anyone going to come and sort of take me for that dance? I know I did also write or co-write, but it was effectively my book, actually, well more or less--, it was taken on from someone else who had to stop, a history of Philips & Drew[xx], and Philips & Drew is interesting because, you know, they were a terrific firm, Philips & Drew. They were the first real stock brokers, A) with the real application of science and American-style investment analysis back in the '50s at a time when no one else did it here amongst stockbrokers, and B) of course, they were thoroughly meritocratic and they didn't, on the whole, have sons as partners. They were very grammar school and so on. I remember John Kent-Welch saying to me, when I mentioned to him I was doing this Philips & Drew, said--, of course we were chalk and cheese culturally, absolutely right. There's this wonderful story, it's quite nice to put it on tape. I won't be too long about it. The man called--, it was originally a man called Sidney--, SJ Perry, Sidney Perry, he must have been, who really got the firm going in the '30s, along really quite modern lines[xxi], but then after the War, the person who should have succeeded him as senior partner was a man called Dennis Weaver, and Weaver was the sort of guru of British investment analysis of his time in the '50s, always giving papers to the Institute of Actuaries and things like that, and he should have become senior partner at some point in the '50s. I can't remember exactly when, but he didn't and he couldn't because he wasn't a member of the Stock Exchange because the Stock Exchange wouldn't make him a member because he was a Quaker and he hadn't--, he'd been a conscientious objector during the War [laughs]. Anyway, that's by the by, yet quite an insight into the old culture, isn't it, the club basically, you know?

Q1: Yes, indeed.

A: No, sorry to the question, Philips & Drew couldn't make up their mind and they had one or two people they thought and then it slipped away and eventually it was--, who was it?

Q2: UBS, wasn't it?

A: No, UB…

Q2: Or was it SBC, the…

A: No, it was UBS. It was SBC who bought Warburg's in '95 and UBS who bought Philips & Drew[xxii] in--, but by this time it was the autumn of '84, by when most of the dispositions had been made. You know, a lot happened that first autumn of '83 and then steadily through '84. In other words, it wasn't often--, and I have quote in the book, don't I, about someone who was sort of involved as a middle man in quite a lot. Was it John--, no I think it might be John Craven[xxiii], actually, but John Craven involved in Morgan kind of acting as intermediary. And Craven, you know, has a pretty no nonsense view of things, basically says, 'I'd like to say that these decisions were taken by stockbroking firms on the basis of thinking who really is the most suitable people to buy and where do the synergies lie, et cetera, et cetera, but I have to admit that in the end it usually came down to top dollar,' was his phrase, 'top dollar'. So there was desperate--, are you missing out? You know, that sense, are you missing out? Is anyone going to--, you probably are--, people always have this mixture of motives, don't they? No one's wholly good, wholly bad, or hardly anyone, and so they probably were sort of thinking about what's the best fit and so on, but they--, and yet top dollar was always going to be a consideration too.

Q1: You talked about the politics, which of course pushed us to Big Bang--.

A: Yes, indeed.

[22'26" Lloyd's of London]

Q1: How on earth did Lloyd's get out of it?

A: Lloyds Bank?

Q1: No, Lloyd's insurance.

A: Oh insurance. In what way?

Q1: Well, why did they also, because after all they were sort of the same-- I mean, whether it's commissions or whatever.

Q2: There was a nice run of scandals.

A: There were the scandals, weren't there?

Q2: One thinks of Ian Posgate and Kenneth Grob and all this stuff[xxiv], and then this whole business of almost the ultimate club where they were doing one another's washing and taking commissions, and that sort of ran along in parallel.

A: It was very much in the early ‘80s. They had some pretty staunch defenders who were pretty effective and--, like Peter Green[xxv], for example, would be a good example, but what I don't--, I don't know--, I mean, Lloyd's for me, when I was doing my City history, were always just never quite in centre of the stage, just slightly to the side and then sort of coming on as and when, so I'd never felt a great--, you know, I didn't do original research in Lloyd's. But what I was going to say was there came a point in the mid ‘80s when--, early to mid ‘80s, actually, wasn't it because I think Richardson[xxvi] recruited him, when Hay Davidson[xxvii] came in and I think--,

Q1: That was '83.

A: Yes, and it was toward the end of Richardson's governorship. He kind of got Hay Davidson, and--, but I don't know enough about the--, I actually simply don't know enough about it, but did Hay Davidson have some sort of vision for where Lloyd's should be going in these kind of terms? Obviously, he wanted to clean the place up but…

Q1: But you get the feeling that there was a war going on between Ian Hay Davidson and Peter Miller, as chairman of Lloyd's[xxviii].

Q2: The underlying issue is very similar, which is access to external capital.

A: No, that's true.

Q2: Yes, because all those institutions from the late ‘70s, if they were going to be on a bigger stage--

A: No, no, no. Is it really--, is the answer as simple--, I mean, I really don't--, you know, I just don't think I'm an authority on Lloyd's insurance, but I'm just wondering whether the answer is almost as simple as the emphasis was so heavily on scandals with Lloyd's, and how to clean the place up, and they were some very high profile scandals, weren't they, that that sort of subsumed everything and there wasn't a kind of people standing back and looking at the more kind of bigger international function or access to--, and so on, but honestly I don't--, I don't think I can say any more than that.

[25'07" Bank of England; Margaret Thatcher's view of the City and vice versa and her relationship with the Governor, Gordon Richardson]

Q1: We mentioned a little bit before, Gordon Richardson, which makes me think of a mixture of Thatcher and politics and the Bank of England, well A) the new governor; how on earth--, how did he appear and also privatisations where I feel that the Bank was not really on side, certainly initially, and the characters like McMahon[xxix] and Peter Cooke[xxx].

A: Yes, Walker, George. Well, on the Bank side, I wonder whether--, let's start--, actually do you mind if we start with just a little bit with Thatcher[xxxi] herself and then move towards the Bank?

Q2: Please.

A: I mean, Thatcher herself was clearly--, had quite a strong visceral kind of anti-City feeling. You know, she saw it as a place, and there was an element of truth in it but it was exaggerated, of kind of second rate chaps, really, I think would have been her view, kind of pompous, pinstriped and the whole kind of club-ish thing that she couldn't stand, really. One's always got to remember with Thatcher the sheer amount--, you know, when she became leader unexpectedly of the Tories in '75, the amount of really horrible kind of male prejudice she got from her party. Matthew Parris[xxxii] was working in the research department and was actually quite close to her, I think, during that opposition period, incongruous though it sounds, but I think there's an element of truth on a sort of day by day basis, has written very well about that. And the City was that kind of--, and the City actually gave her quite a hard time in opposition, and I remember, stupidly I felt, I've regretted how I hadn't written and noted down at the time. But I was looking at Rothschild's records once and there was a letter there, I must have been looking at Michael Richardson's[xxxiii] papers, even though--, Richardson? Richardson left Cazenove at the end of the '70s and went to Rothschilds but I associate this with about 1977, so maybe it was just something that had gone with him into the papers, and it was a letter to him from another City person, I can't remember who, it was saying, 'So what can we do to sort of improve the City's view of her? You know, can we somehow persuade people that she's not as bad as people are saying and so on?' You know, so it's very interesting in how in her memoirs how scornful she is about--, on the abolition of the Exchange Control issue. She writes so scornfully about how people in the City said of course it can never be done. So she had a pretty dim view of the City, and then I think that dim view of the City was compounded by her disastrous relationship with Richardson as governor. I mean, I remember years ago John Nott[xxxiv], I think it must have been, telling me the story that after Richardson had gone to some meeting at Number 10, probably over this question of why this money supply was out of control, circa '80, '81, and which she was getting more and more cross about, and after he left the room, she turned to her people and said--, and apparently hissed, 'He's so vain.' [Laughs] People have written about the sort of cat and dog and it was the feline Richardson and the more kind of no-nonsense canine Thatcher as it were, you know. I mean, Richardson, you know, he wasn't--, he was a rather arrogant man, I think actually. I think there was vanity there. I mean, in some ways, you know--, I think people at the Bank, I know found him quite hard to work for. There was the chronic indecision problem, to make up his mind. He could be very, very slow to make up his mind. I think I quote in my Bank history, George Blunden talking about this, about Richardson's inability to make up his mind. He quotes something from Thomas Hardy's *Far from the madding crowd* about Bathsheba and so to do--, there's a character--, it may not be Bathsheba, it's a different character. Hardy writes about this character who, when he was ill, consulted his solicitor and when he had a legal problem, he consulted his doctor [all laugh]. He just kept on kind of--, you know, so he wanted the widest possible--, but also he was fussy and pernickety and had such fixed, firm views about the menu for lunches and stuff like that, that he made life in the kitchen a nightmare and so on. There was greatness in Richardson and actually he did do some great things, but you can absolutely see why he kind of rubbed Thatcher up the wrong way, so that didn't help, you know, and generally there was that element of radicalism in, call it Thatcherism, that wanted to shake things up and was very, no such thing as a free lunch, deeply anti-paternalistic. I mean, that was somewhere near the heart of Thatcherism, was a dislike of the old paternalism, and the City, the old City, this rather cosy, cartelised City, of course it was good on paternalism and I would in many say actually that was a good thing. I mean, one always wants the best of both worlds. One wants paternalism, two-way loyalty, and yet you don't want a situation where, as in the old City, where if you were bright or too young or born on the wrong side of the tracks, you can't actually progress, you know. It wasn't a favourite place, the City, for her.

[31'19" Robin Leigh-Pemberton becomes governor and other candidates – Kit McMahon, Jeremy Morse, David Scholey]

Q2: So does Leigh-Pemberton[xxxv] fit into that?

A: Well, it was her revenge on the Bank, really, I think. The Bank was aghast, I think, with that appointment. I mean, it should have been McMahon, but McMahon had been deputy governor, a very capable man, a very bright man, but of course a Keynesian-- a Keynesian, and socially liberal, you know. She was never going to appoint McMahon. Morse[xxxvi] would have been a good candidate on paper, but Morse too Wykehamist, too cerebral and so on; not really a Thatcher kind of person. Scholey[xxxvii] is a bit of a mystery. I think we talked about this, John, when we chatted a couple of months ago, but Scholey--, I'm not convinced he actually wanted it at this point. I mean, he was quite young, Warburg's, it was all happening at Warburg's at this point, '82, '83. After all, Warburg himself, Siegmund, and then he died in autumn of '82, wasn't it, if I remember rightly. So Scholey's just coming into his own and he's got this wonderful--, you know, easily the best--, seen by everyone as the best merchant bank in the City, it's got the highest reputation by some way, of my memory of those times. You know, he would have thought--, Scholey would have thought he had time on his side if he was ever going to become governor of the Bank of England. I mean, you know, Leigh-Pemberton, certainly not one of life's thrusting meritocrats, but she did have this curious soft spot for a certain kind of well-heeled gent, as it were, who didn't make her feel--, who didn't present an intellectual threat, wasn't intellectually arrogant, and Leigh-Pemberton was a terrific human being, I think, and doing the Bank's history and talking to people, it really came through to me what an admirable person he was because he didn't--, he knew his limitations, he was willing to listen. He was intensely loyal to the people working under him and although no intellectual, he wasn't stupid, a strong sense of public service. Of course, in the end, he got shafted by Thatcher in the late '80s over the, you know, European monetary stuff[xxxviii], but at some level it was her revenge on the Bank.

Q2: One thought. You mentioned Mrs Thatcher and radicalism and, in a way, she did upend so many things.

A: She did.

[34'08" Effect of the referral of the Stock Exchange by the Office of Fair Trading]

Q2: We've talked about Exchange Control, but I wonder if another sort of starting gun in all this process was actually reporting the Stock Exchange to the competition authorities and was that a bolt out of the blue?

A: Well that, of course, began under Labour.

Q2: Oh really?

A: Yes, the very--, actually, the very first…

Q2: Ah, so it's not a Thatcherite start?

A: No, no, no. The very first politician in the story is none other than Roy Hattersley[xxxix], back in '76 and he made the original referral and it was in sort of Office of Fair Trading by '78 and Borrie, wasn't it?[xl]

Q1: Then John Nott.

A: And then Nott and Biffen[xli], wasn't it?

Q1: in '75

A Actually, I sus--, again, just looking at my story, looking at my text, as it were, this morning--, Corfield, Cockfield[xlii]. Yes, do you remember? He actually had a much more dynamic view of what to do about the City and could actually see the virtues of getting off the court case, the endless embroiler of that court case, that Goodison would talk about as being rather--, in retrospect talked about like being in a Kafka novel, basically, because you were just unable to move freely because of it and you couldn't talk about it freely either, the whole--, you know, the broader situation. Cockfield succeeded Biffen, I'm not exactly sure when, '82, '83 at some point[xliii], but before the Parkinson[xliv], Goodison, so it's pre-Parkinson in other words.

Q1: Another gentleman of…

A: Yeah, quite.

Q2: Which is where I've got my memory from, thinking it's Thatcherite, because it was--, in a sense, Parkinson was the executor of all this in…

A: He was, but he wasn't an insincere executor, I think. He wrote well, presumably his autobiography that I quote from in the book, about how in a previous pre-politics incarnation, he'd had quite a lot to do with the old City between the mid '50s and the early '70s and had been pretty unimpressed by it and he just saw it as an old boys' club and so on; but he comes into the story very late. I think Cockfield is probably quite important.

[36'22" The Bank of England's role in Big Bang, euromarkets; Lord Cromer and international orientation; pre-War international City]

Coming back to the Bank, I don't think--, I was disappointed with, when I recently wrote the Bank's history[xlv], I had hoped for better things from the archives than I found on the lead up to Big Bang, and I looked quite hard. I looked at what seemed to be the relevant files and there was no real smoking gun, as it were, that I found, but I didn't spend that long on it because obviously I was trying to write--, you know, I was writing a 300-year history, but it's possible that someone spending more time in the archives might be able to find more than I found. For what it's worth, my impression in terms of the Bank is that the two key figures were, in terms of--, having some kind of vision that, for the sake of London as--, I mean, before I come to them specifically, just pull back slightly. Go back to the late '50s, early '60s and the start of the euromarkets, hugely important, and in those late '50s, early '60s, the Bank was essentially behind the euromarkets, certainly did not oppose them, and actually gave them a bit of a push and that was particularly with the eurobond market, when Cromer[xlvi] was governor because Cromer, although in many ways a terrible man personally, I think. I think he's the least attractive of the post-War governors for myself, but he did, more than any of the other post-War governors or around that sort of time, certainly, have a vision of London as an international financial centre and how it needs to get back to what it had been before 1914; and to plug into a world of free--, you know, capital moving freely around the world and so, which is what the eurobond market of course is all about. Of course, there was the luck with, you know, the good stroke of luck in '63 with Regulation Q[xlvii] with New York and so the moment was there for London and you had these two visionaries in London. You had Warburg himself and you had George Bolton[xlviii], who'd been at the Bank and was now at BOLSA, you know, the combination was right. The Bank, as I say, as with the eurodollar as well as the eurobond market not only didn't stop it, but actually gave it a bit of push and that really set us on the road to Big Bang, effectively because you can see Big Bang in the '80s as doing for the UK-oriented market, stock market, what the euromarkets 25 years earlier had done in terms of international capital markets, yeah? It was basically moving away from a domestic orientation to an international orientation, rather, as in pre-1914 City's golden age, the City was so heavily international rather than UK focused. You look at the Stock Exchange, stock market pre-1914, and the market for, as it were, industrial securities, home industrials was actually called the miscellaneous market and it was less than 10 per cent by capitalisation of the UK stock market.

Q2: So this romanticised idea we have that British industry was tapping into lots of capital and all the rest of it…

A: It did a bit, but it was a more--, the provincial stock exchanges were quite strong, of course, before 1914. You know, Manchester, Liverpool.

Q2: Yes, lots of provincial,-- yes.

A: Which became less the case after that. There was actually quite a lot of self-financing, family financing. The City did play a bit of a role, but actually its focus was heavily international. So just coming back to the Bank, there would have been a kind of, by this stage, surely by the early to mid '80s, a kind of institutional wisdom, as it were, you know, institutional memory, as it were, that what the Bank had done late '50s, early '60s for the euromarkets, that maybe it could do something similar, given London as an international financial centre and so on. In terms of individuals, I think the two key individuals have always--, my impression has always been that the two key individuals were David Walker[xlix] and, slightly later, Eddie George[l]. Eddie, when it came to what to do and how to sort out the market, but by then the big decisions had been made and that was--, I think he's a lesser figure to Walker, who was very energetic, very anti-old boys' club, of course. I think his father was a policeman from

Chesterfield and he was thrust in and, you know, not a lot of personal charm and new man, rather than old man, and Walker certainly talked to a lot of the individual brokers and basically said it's time to get real and enter the modern international competitive world.

[41'18" London International Financial Futures Exchange (LIFFE)]

Q2: That kind of brings in the next factor here, which is the emergence of the financial future exchange and, of course, this leads to the demise of the discount houses, the invention or the adoption, really, of repo markets.

A: Yes, indeed.

Q2: So, some themes that would build up that then?

A: No definitely. I think the great thing about--, you know, I did do a history of LIFFE, back in the mid '90s[li]. It seems a long time ago now, and I think it's an important part of the story because its founder, John Barkshire[lii], despite having the most utterly conventional of backgrounds because his own father had been secretary to the successive governors at the Bank of England in the immediate post-War period, but John Barkshire himself--, I think he's still alive to the best of my knowledge, but I haven't seen him for many, many years, but couldn't look more like central casting's City gent. I mean, you know, he--, but actually with a very sharp, individual mind at work and it was Barkshire who saw the gap, as it were, following the start of the financial futures exchanges in Chicago; saw that we were entering a new world, post--, I mean, a crucial thing you mentioned right at the start, New York, May Day '75. I'd argue, I think, even more important--, I mean, I'm no economist, but I think I'd argue more important was the end of Bretton Woods in the early '70s[liii] and we then enter in terms of just finance generally, the modern era.

Q2: Explosion of volatility in the foreign exchange markets as everything [both talking at once], petrodollars flowing--

A: Exactly, exactly. I think that's the start of the New World, is the end of Bretton Woods, really I think. Barkshire saw that. He saw the New York. There was that Leo Melamed[liv], he was the great guy in Chicago and, gosh, it took a long time, though, because I think they were underway by '72 in Chicago. The Chicago Board of Trade and the CME…

Q2: CME, the Merc, and CBOT.[lv]

A: I think they were '72 or thereabouts, and it wasn't until '77 that the first sort of signs in London and then it took five years to get--, so a ten year gap between New York and London on financial futures, long time. Barkshire saw it has to be done steadily. He understood, partly through his father, the way the Bank of England worked and I remember him saying to me in interview, the great thing about the Bank is never take them by surprise and then you might get your way. If you take them by surprise, they don't like it. They really don't. Absolutely right, you know. What Barkshire saw was that the future lay in breaking down the narrow functions. So he created this market that all sorts of different players were going to get involved in. So it's the end, as it were, of the guild system. It was the guild system which was the old City, in so many ways, wasn't it? All these discrete, compartmentalised, semi-cartels. So LIFFE helped to break that down. Of course, the other--, and was the whole world of futures and derivatives and so on, and all that, with the somewhat fateful implications, one might argue to an extent--

Q2: It opened up a lot of new credit into the market.

A: Absolutely, but also the other thing, of course, was the cultural thing and, you know, as it were, the Essex barrow boys and so on, and that was why when Caryl Churchill wrote her play *Serious Money* in '87, she set it in those LIFFE pits, didn't she?

Q1: Oh, it was terrific.

A: I wish I'd seen it at the time. I've so regretted writing LIFFE's history in the mid '90s. I hadn't gone to see it.

Q2: I spent a day down there and…

A: In the Royal Exchange?

Q2: Yes, and my overwhelming feeling of the thing was my back was really sore because you had to stand all day and there was nowhere to sit. They deliberately wouldn't allow you to sit.

A: It was a young man's market, wasn't it?

Q2: Well, I clearly wasn't young enough because I went down for a day to see how it operated and it was sort of six or seven hours on your feet.

A: Yes, I'd always rather…

Q1: I didn't pursue that.

A: I've always liked the phrase, and it's sadly not mine, I picked it up from somewhere about those traders on LIFFE. Pity the individual trader, the solo traders, rather than working for a firm, that they were the Thatcher storm troopers and it's a good phrase, isn't it, I think, sort of socially, culturally and so on.

Q2: What I thought was interesting about that market was that it sold itself as a more efficient way of doing things and we would hear of stories in the banks of guys acting as locals, earning four, five times as much money as they would have in a normal City dealing room, and so I used to think to myself well, if they're taking all that money out of the system, how on earth is it more efficient?

A: Well, quite. It's a good question. The other thing, and I wouldn't mind just having this on tape actually about it--, this is a slightly sore point for me, but I'm a historian so I can take it, is this. When I was doing LIFFE's history, which was predominantly in--, it was for the 15th anniversary in 1997. I was mainly doing it during 1996. It was absolutely sort of axiomatic in conventional wisdom, that the--, well, if you step back a bit. The contract that really made LIFFE's fortune, as it were, and turned it from a moderate success story into a roaring success story, was the German bund contract, which they sort of started dealing in, in about '88 I think, or thereabouts. For many years, through the first half of the '90s, up to the time, as I say, I was writing it in '96, it barely moved, barely deviated, that LIFFE did two-thirds of the business in the German bund contract and the Frankfurt financial futures exchange, or whatever it was called, did one third. The wisdom was we have this edge here in London because we're open outcry, whereas in Frankfurt, they dealed on screens. There was one man, I could probably find out his name but I can't remember it, Scottish guy who I went to interview, who was running a firm, a futures firm or whatever, and he was very hostile to LIFFE's management, said they're second rate and in particular he said, 'Don't believe this myth about open outcry is better. The future is electronic.' That's just one man. So anyway, in my book I kind of took the line, took the official line and blow me, about three months after I finish writing, in the course of a week or something, I think it was the autumn of '96, it all changed and the business just shifted to Frankfurt, almost overnight. It was effectively the end of the old life.

Q2: It was a textbook example of where you feel that if you have a strong monopoly over liquidity and capital, it will always stick with you.

A: Exactly.

Q2: If the technology changes, the money shifts as well.

A: Yes, and it taught me, as a historian, stick to the past. Don't spend too much time dwelling on the present and the future [laughs].

Q1: We have been talking, David, an awful lot about the past.

A: Yes.

[49'10" Reflections of the present: cultural change; Americanisation; shareholder value; hostile bid by Lloyds and HSBC for Midland]

Q1: The run up to Big Bang. Now, here we are in 2019, what are the consequences?

A: Well, I mean my approach to history, for what it's worth, tends to--, has always--, I mean, my approach to the City, what has been distinctive about it, and I say this genuinely, rightly or wrongly because who knows, has been to emphasise the cultural element and so what I mentioned earlier about seeing the old City as this village, very important village but nevertheless a village, was a kind of cultural social history way of looking at things, rather than strictly kind of economic historians, or economist way of looking at things. So that's the prism which I tend to look at things. Culturally, what happened in the '80s, and we haven't used the word actually, was Americanisation in all sorts of ways: working habits, relations with clients, just everything really, and the City was, to a large extent, Americanised in the '80s because that's where the big money was coming from. One of those aspects of Americanisation was shareholder value. That was a very American dogma, shareholder value, and the person who really bought into shareholder value and sold it to the rest of the City, in my view, was Brian Pitman[lvi] at Lloyds. Lloyds was the most successful of the four clearers[lvii] by some way. It was the City's favourite. In some ways, it surprise--, I mean, it's explicable but in some ways surprising, that it didn't win its battle with HSBC to gain control over Midland in '92, and it was expected to win at the start, actually. But for various reasons, it didn't actually. Circumstances were against it, but I think it overplayed its hand and Pitman himself actually alienated Midland itself, so that Midland moved from preferring a Lloyds outcome to an HSBC outcome, as did the Bank of England which wanted initially, at the start of that, by late '91 wanted Lloyds to win, not HSBC; because the Bank remembered its run-in with HSBC over the RBS story back in '81.

[51'27" Reflections: Hostile bid for RBS by Standard Chartered and HSBC; the end of the 'governor's eyebrows']

Actually, can I just do one quick diversion before--, that reminds me, I'd quite like to get it on tape before we come back to your bigger question about consequences and so on. It's to do with Thatcher. As you recall, back in '81 there was this battle for control of RBS, which was happy at this point to be sold, to be taken over, a battle between Standard Chartered and HSBC. It was thought that Thatcher had a preference for an HSBC solution to it. She was a great admirer of Hong Kong, for obvious reasons, her kind of place. I suspect, I don't know if they knew each other--, I just don't know about this, but she would have been, I think quite an admirer of Sandberg[lviii] who was running HSBC because he had quite a buccaneer streak and certainly wasn't that sort of cautious Scot of traditional HSBC, Hong Kong and Shanghai kind of background. As we know, it went to the Monopolies Commission, which recommended that neither takeover, but that had to be ratified by the Cabinet in January '82. I think there was a possibility that at that Cabinet meeting on the relevant Thursday in January '82, that Thatcher might actually have said, 'No it should be HSBC. There are,' you know, 'they will bring a new vigour into London and take over one of these decrepit clearing banks,' and so on. She might easily have argued that. It wouldn't have been--, put it like this, it wouldn't have been out of character for her to argue that, but in the end on that Monday or Tuesday, Mark Thatcher went missing in the Sahara and her eye was off the ball that week[lix]. So as a result, on the Thursday--, no, it's a good story and it's possibly slightly exaggerated, A plus B equals D, as it were, but--, you know what I mean. Two plus two equals five, but it's just possible. It was Richardson who was so hostile--, I'll come back to the Thatcher/Richardson thing, it was Richardson at the Bank who was so hostile to HSBC taking over because he really wanted Standard Chartered because it was all set up, Schroder's would fix it and he had this real showdown with Sandberg in which Sandberg basically said, you know, the Governor raised his eyebrows and Sandberg said frankly, no I'm not going to take any notice of you; and it was a real absolute confrontation between two strong characters not used to deferring to anybody else. So that again would have sort of compounded her kind of--, that she would have wished it otherwise but the City had done a stitch up, kind of thing.

Q2: Was the end of the governor's eyebrows?

A: Well, it was a real blow to the governor's eyebrows, yes, and I think generally of course as we know, that once the City did become no longer a village, no longer a club, the old Montagu Norman approach, moral suasion and so on, I mean it just wasn't going to work anymore really.

[54’59” Reflections: Shareholder value; Americanisation of the culture; social, economic, political, cultural consequences; Masters of the Universe]

Coming back to consequences, I think that shareholder value, maximisation of profit, not only to benefit shareholders but also to benefit the bankers themselves in terms of bonuses and all that, and bonuses were after all at the heart of the Americanisation process, created a culture, helped to create a culture--, obviously what I’m really talking about is what led to the crash in 2008, which we remain in the wake of. We’ve just had huge social, economic and political and cultural consequences that haven’t fully played out yet. You know, it’s too soon to know quite what--, you know, quite to get the perspective on that, but we do know it’s huge. I think also it created an environment, Big Bang created an environment of a very different sort of ecology, really, in the City. The old City was--, you know, even though things had changed by the ‘70s or coming into the ‘80s from how they’d been before say the First World War, units of size had increased, sure. I mean, before the First World War, there were something of like 1,000 firms on the Stock Exchange, 600 jobber firms, 400 broking firms, I think something like that. Average size of partnership, about three or four, a completely different world. Obviously, that did change over the next 60 or 70 years and yet, you know, it was still a world as you went into the ‘80s, with some recognisable aspects of the old world in terms of a lot more--, you know, still more firms, smaller firms, compared with what was to be and I think--, the architecture, physical environment matters. The ‘80s saw the creation of these huge trading floors and the City Corporation went with that flow in spades and kind of destroyed, really--, I mean, now we only have vestiges left of the old Victorian City, which I find infinitely sad, actually.

Q2: It’s really the street layout that’s pretty much all that’s left.

A: Quite. So I actually think it’s a more--, people are going to operate in a more, broadly speaking, in a more kind of responsible and aware and perhaps cautious way when units are smaller. It’s to do, really, with the rise, I suppose, of--, what’s the word? What’s the phrase? I mean, the old Michael Lewis phrase, Masters of the Universe.[lx] That was very American. Some kind of Masters of the Universe syndrome took over.

Q2: Do you feel…

[57’50” Reflections:The dominance of the markets over the nation state; New Labour; the human factor]

A: You think about--, sorry, just--, and you think about something like Black Wednesday in 1992, which just showed the dominance of the markets over the nation state, has swept away an elected government’s kind of economic policy and everyone bought into that, including of course New Labour. I mean, New Labour really learned its lesson from ’92. It was just before New Labour intellectually got formed, as it were, in the mid ‘90s. The lesson of you cannot--, you know, you’ve just got to basically give the markets what they want. Gordon Brown[lxi], historically aware person, was absolutely determined that if and when he became chancellor, he was not going to suffer the same kind of grief from the City that people like, you know, Healey and Callaghan and Snowden and, you know, Cripps and Dalton had suffered before him, and so there was very little in terms of, you know, very little kind of opposition, in a way, to kind of call it City or financial dominance in some sense. So given all of which, and given the amount of money sloshing around in the bonuses and so on, given the dogma of shareholder value, there was a kind of--, and the temptation to go highly leverage, there was a kind of semi-triumphalist, also this time it's different, you know. When we still haven't had yet, I don't think, a full kind of social and cultural reading of what led up to 2008. Well we've had some good stuff but I don't think there's quite been that sort of total reading, as it were, of the collective psyche, if you see what I mean. The journalists did such a poor job, really, I think, one or two exceptions.

Q2: Do you think, David, that…

A: Yes, sorry, I've gone on a long ramble.

Q2: We've got all this accumulation of capital into these big leviathans, but ultimately '08 one of the lessons has shown that they had feet of clay and, at the end of the day, it was the dear old tax payer who had to--, you know, the losses were socialised…

Q1: Which is the social…

A: They definitely had feet of clay and I think, you know, we were in--, because they became such huge leviathans, as you say, and inevitably so much more impersonal and the old kind of village atmosphere was lost, and informal checks and balances went by the way, we lost sight of what Graham Greene would have called the human factor. Take the RBS story, the human factor was integral to the RBS story. I was chatting recently--, I've just been doing a few kind of oral history interviews for HSBC on more recent years, post book as it were, and chatting with someone who worked quite closely with Goodwin[lxii] at RBS and I mean, you know, he was a neurotic man who basically wanted yes men around him and, you know, the rest really is history. So, I'm really trying to come back to your question, John. I'm conflicted because there was much about the old City that was wrong, as it were, to do with complacency, to do with undue conservatism and resistance to change, nepotism often. The face had to fit and all that, a kind of acceptance. Warburg himself hated the old City with its acceptance of mediocrity. One phrase Warburg particularly hated about the City was when people in the City would talk about 'we'll cross that bridge when it comes'. That was a pet hate of Warburg's because it implied not really thinking through the issue. So, you know, I'm quite happy to join it, as it were, with critics of the old City and also I think clearly in the economic circumstances, the functional circumstances, the technology that was making markets global and seamless, if London was going to remain a key, or even increase as an international financier, how could it not open up? The arguments were surely overwhelming, but something important culturally that was positive, that other side of the Grunfeld analysis, the machine based on trust was lost, and I think the Americanisation of the culture, in the end, came at a terrible price actually, I think I really do. [Laughs]

Q1: Thank you so much, David. That really has been absolutely fascinating.

A: Well, I hope so [laughs].

Q1: Well done.

Q2: Yes, very, very interesting, thank you.

[END OF RECORDING - 1:03:11]

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[i] 'The City of London, Vol IV: A club no more, 1945-2000' by David Kynaston, Chatto & Windus (2001)

[ii] The 'aluminium war' involved British Aluminium, which was in negotiation with Aluminium Company of America for some kind of partnership, and a hostile bid from Reynolds Metals of Virginia and Tube Investments, advised by Warburgs, which eventually succeeded, despite the opposition of the City establishment and the Governor, Lord Cobbold.

[iii] Lord Cobbold (1904-61) was Governor of the Bank of England (1949-61) and Lord Chamberlain (1963-71).

[iv] Siegmund Warburg (1902-82) fled the Nazis of Adolf Hitler and moved to the United Kingdom in 1934 and co-funded S.G. Warburg & Co in 1946. He was knighted in 1966.

[v] The Report of the Committee on the Working of the Monetary System (commonly known as The Radcliffe Report) is a report published in 1959 about monetary policy and the workings of the Bank of England. It is named after its chairman, Cyril Radcliffe, 1st Viscount Radcliffe. The report started collecting evidence in 1957 and was the result of dissatisfaction with the workings of monetary policy in the 1950s.

[vi] Bank Rate was raised from 5% to 7% on 19th September 1957, an unprecedented rise. Shortly after, rumours spread that powerful figures had had advance warning of the rise and had taken advantage to sell heavily in the gilt market. Eventually, the Prime Minister, Harold Macmillan, appointed a Tribunal of Enquiry.

[vii] Henry Grunfeld (1904-99) co-founded S.G. Warburg & Co with Siegmund Warburg. Grunfeld was born in Breslau (today Wroclaw) in the Prussian Province of Upper Silesia to an assimilated Jewish family with longstanding interests in the steel and chemical industries and became prominent in the German steel industry at the age of just 20 after his father's death forced him to take over the operations of the family steel-piping business, A. Niederstetter. In April 1934, following the rise of Hitler, Grunfeld was arrested by the Gestapo without warrant or charge and jailed for fifty-four hours. He was able to use his status as an honorary Consul of Spain to avoid deportation to a concentration camp and fled to London with his family. (Wikipedia)

[viii] 'The City of London, Vol IV: A club no more 1945-2000' by David Kynaston, Chatto & Windus (2001), Chapter 21 Best Shampoo.

[ix] On 1 May 1975 (known as 'May Day'), the US stock market allowed brokerages to charge varying commission rates. Prior to this change, all brokerages charged the same price for stock trades. This was the first time that trading fees would be set by market competition instead of a fixed price. (Investopedia)

[x] 'Big Bang' was the result of an agreement in 1983 by the Thatcher government and the London Stock Exchange to settle a wide-ranging antitrust case that had been initiated on 9 February 1979, during the previous government, by the Office of Fair Trading against the London Stock Exchange under the Restrictive Trade Practices Act 1956. These restrictive practices included the London Stock Exchange's rules establishing fixed minimum commissions, the "single capacity" rule (which enforced a separation between brokers acting as agents for their clients on commission and jobbers who made the markets and theoretically provided liquidity by holding lines of stocks and shares on their books), the requirement that both brokers and jobbers should be independent and not part of any wider financial group, and the Stock Exchange's exclusion of all foreigners from Stock Exchange membership. The day the London Stock Exchange's Rules changed on 27 October 1986 was dubbed 'Big Bang'.

[xi] Competition and Credit Control was a monetary policy operated by the Bank of England from September 1971 until the autumn of 1973. Under this policy the bank sought to control money supply indirectly through open market operations, instead of through the direct lending ceilings imposed on individual banks used formerly. Reserve Asset Ratios were imposed on all financial institutions where formerly cash and liquidity rations had applied to major clearing banks only. In practice, sterling money supply increased rapidly following introduction. At the end of 1973, the Supplementary Special Deposit Scheme re-established direct controls on lending. (Wikipedia)

[xii] The major five English clearing banks after the War were: Barclays Bank, Lloyds Bank, Midland Bank, National Provincial Bank and Westminster Bank.
[xiii] Exchange controls, also known as capital controls and currency controls, limited the convertibility of pound sterling into foreign currencies, operated within the UK from the outbreak of War in 1939 until they were abolished by the Thatcher government in October 1979.
[xiv] Sir Nicholas Goodison (1934 -) was chairman of the London Stock Exchange from 1976-1986.
[xv] Mullens & Co served as 'government brokers' to the government of the United Kingdom. Its main focus was the gilt-edged market. It was bought by S.G. Warburg & Co in April 1986.
[xvi] Barclays de Zoete Wedd (BZW) was formed through the merger of Barclays Merchant Bank with a stockbroker de Zoete & Bevan and one of the London jobbing firms Wedd Durlacher.
[xvii] 'Cazenove & Co: A history' by David Kynaston, B.T. Batsford (1991)
[xviii] The Guinness share-trading fraud was a major business scandal of the 1980s. It involved the manipulation of the London stock market to inflate the price of Guinness shares to thereby assist Guinness's £4 billion takeover bid for the Scottish drinks company Distillers. Four businessmen were convicted of criminal offences for taking part in the manipulation: Ernest Saunders, Gerald Ronson, Jack Lyons and Anthony Parnes. The scandal was discovered in testimony given by the US stock trader Ivan Boesky as part of a plea bargain. (Wikipedia)
[xix]
[xx] 'Philips & Drew: Professionals in the City' by W.J. Reader and David Kynaston, Robert Hale Ltd (1998)
[xxi] 'Sidney Perry was senior partner through most of the 1950's, turning the firm into an explicitly meritocratic, non-nepotistic organisation. . . .A key factor from the mid-1950's was the firm'spioneering of investment analysis, a development that owed everything to Perry's protégé, Denis Weaver.' (D.Kynaston, 'The City of London Vol IV, p171)
[xxii] S.G. Warburg & Co was acquired by Swiss Bank Corporation in 1995 and ultimately became a part of UBS. Phillips & Drew was acquired by the Union Bank of Switzerland in 1986, which itself merged with the Swiss Bank Corporation in 1998, to become UBS AG.

[xxiii] John Craven (1940 -) became an executive director of S.G. Warburg & Co in 1969. He became Group Chief Executive of White Weld & Co Ltd (subsequently Credit Suisse First Boston) from 1975 to 1978 and a vice-chairman of SG Warburg & Co Ltd in 1979. In 1981 he founded Phoenix Securities Ltd, which was acquired by Morgan Grenfell Group plc in 1987 when he took on the role of Group Chief Executive of Morgan Grenfell Group plc. Craven was chairman of Morgan Grenfell Group plc from 1989, a post he retained when the group was renamed as Deutsche Morgan Grenfell Group plc in 1996. He was knighted in 1996. (Wikipedia)

[xxiv] Ian 'Goldfinger' Posgate, underwriter with Alexander Howden at Lloyd's, was banned by Lloyd's in 1982, commuted to a 6 month suspension in 1985. Kenneth Grob, the 'Grobfather', Chairman of Howden, faced, with Posgate and two others, criminal charges in 1985 by the DTI, but was acquitted.
[xxv] Sir Peter Green was Chairman of Lloyd's (1979-83).
[xxvi] Gordon Richardson (1915-2010), later Baron Richardson of Duntisbourne, was Governor of the Bank of England (1973-83).
[xxvii] Ian Hay Davidson left as managing partner of Arthur Andersen to become the first Chief Executive of Lloyd's (1983-86).
[xxviii] Sir Peter Miller was Chairman of Lloyd's (1984-87).
[xxix] Sir 'Kit' McMahon (1927 -) was an Executive Director of the Bank of England (1970-80) and Deputy Governor (1980-86) when he was parachuted in to Midland Bank as Chairman in 1986.
[xxx] Peter Cooke (1932 -) was Head of Banking Supervision at the Bank of England (1982-88) and Chairman of the Basel Committee of the Bank of International Settlements (1977-88).
[xxxi] Margaret Thatcher (1925-2013) was Prime Minister of the United Kingdom (1979-1990).
[xxxii] Matthew Parris (1949 -) worked in the Conservative research department (1976-79) and was correspondence secretary for Margaret Thatcher. He was MP for West Derbyshire (1979-86).
[xxxiii] Sir Michael Richardson (1925 - 2003) worked at Cazenove from 1971 to 1981. He was Managing Director of N M Rothschild & Sons (1981-90), Vice Chairman (1990-94). He was an informal adviser to Margaret Thatcher on economic policy. He was known as "Mr Privatisation".
[xxxiv] Sir John Nott (1932 -) was Secretary of State for Trade (1979-81), then Secretary of State for Defence (1981-83).
[xxxv] 'Robin' Leigh-Pemberton (1926-2013), later Baron Kingsdown, was Governor of the Bank of England (1983-93).

[xxxvi] Sir Jeremy Morse (1928-2016) was Chairman of Lloyds Bank (1977-93), an Executive Director of the Bank of England (1965-72), a non-executive director (1993-97) and was first Chairman of the IMF Committee of 20.
[xxxvii] Sir David Scholey (1935 -) was chairman and chief executive of S.G. Warburg & Co and a director of the Bank of England (1981-98).
[xxxviii] The UK eventually joined the European Monetary System in 1990 but withdrew in September 1992.
[xxxix] Roy Hattersley (1932 -), later Baron Hattersley of Sparkbrook, was Secretary for State of Prices and Consumer Protection (1976-1979) and Deputy Leader of the Labour Party (1983-92).
[xl] 9 February 1979.
[xli] John Biffen (1930-2007), later Baron Biffen, MP for Oswestry 1961-97 was Secretary of State for Trade (1981-82).
[xlii] Lord Cockfield (1916-2007) was Secretary of State for Trade (1982-83), later a European Commissioner (1984-88).
[xliii] 7 April 1982.
[xliv] Cecil Parkinson (1931-2016), later Baron Parkinson, was Secretary of State for Trade and Industry for 1983 and Chairman of the Conservative Party (1981-83, 1997-98).
[xlv] 'Till Time's Last Sand: A history of the Bank of England 1694-2013' by David Kynaston, Bloomsbury (2013)
[xlvi] George Baring, 3rd Earl of Cromer, (1918-91) was Governor of the Bank of England (1961-66) and British Ambassador to the United States (1971-74).

[xlvii] 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 entire period, it prohibited banks from paying interest on demand deposits. From 1933 until 1986 it also imposed maximum rates of interest on various other types of bank deposits, such as savings accounts and NOW accounts.

[xlviii] Sir George Bolton (1900-82), was an executive director of the Bank of England (1948-), chairman for the Bank of London and South America (BOLSA) (1957-70) and an executive director of the International Monetary Fund (1946-52).
[xlix] Sir David Walker (1939 -) was chief adviser and chief of the economic intelligence department of the Bank of England in 1977 and was a director from 1981–93 (1988–93 as a non-executive). He was chairman of the Securities Investment Board, Morgan Grenfell International, Barclays and deputy chairman of LloydsTSB.
[l] Edward 'Eddie' George (1938-2009), later Baron George of St Tudy, was Deputy Governor of the Bank of the England (1990-93) and Governor (1993-2003).
[li] 'LIFFE: a market and its makers' by David Kynaston, Granta (1997).
[lii] John Barkshire
[liii] The Bretton Woods system of monetary management established the rules for commercial and financial relations among the United States, Canada, Western European countries, Australia and Japan after the 1944 Bretton Woods Agreement. The chief features of the Bretton Woods system were an obligation for each country to adopt a monetary policy that maintained its external exchange rates within 1 per cent by tying its currency to gold and the ability of the IMF to bridge temporary imbalances of payments. In addition, there was a need to address the lack of cooperation among other countries and to prevent competitive devaluation of the currencies as well. On 15 August 1971, the United States unilaterally terminated convertibility of the US dollar to gold, effectively bringing the Bretton Woods system to an end and rendering the dollar a fiat currency. (Wikipedia)
[liv] Leo Melamed **(**1932 -) was a pioneer of financial futures and is chairman emeritus of CME Group (formerly the Chicago Mercantile Exchange).
[lv] The Chicago Board of Trade (CBOT), established in 1848, is one of the world's oldest futures and options exchanges. On July 2007 the CBOT merged with the Chicago Mercantile Exchange (CME) to form the CME Group. The CME operates the open outcry method consists of floor traders standing in a trading pit to call out orders, prices, and quantities of a particular commodity or its derivatives. Complex hand signals are used. These hand signals were first used in the 1970s. (Wikipedia)

[lvi] Sir Brian Pitman (1931-2010) was Chief Executive (1983-97), then Chairman (1997-2001) of Lloyds Bank. 'He was thwarted in a 1986 bid for Standard Chartered and was disappointed again when HSBC was the favoured bidder for the troubled Midland Bank in 1992; but his acquisitions in 1995 of both the Trustee Savings Bank and his own first employer, the Cheltenham & Gloucester building

society, transformed what then became Lloyds TSB into one of the world's most admired banking groups.' (*Daily Telegraph* obituary)

[lvii] By 1970, the big four clearing banks were Barclays Bank, Lloyds Bank, Midland Bank and National Westminster Bank.
[lviii] Michael Sandberg (1927-2017), later Lord Sanberg of Passfield, was executive chairman of Hong Kong and Shanghai Bank Corporation (HSBC) (1977-86).
[lix] Mark Thatcher, son of Margaret Thatcher, went missing in the Sahara for six days in January 1982, after breaking down with two team-mates during the Paris-Dakar rally.
[lx] The story of 'Bonfire of the Vanities by Tom Wolfe (1987) centres on Sherman McCoy, a successful New York City bond trader. McCoy considers himself a self-regarded "Master of the Universe" on Wall Street. Michael Lewis wrote 'Liar's Poker' (1989), a non-fiction, semi-autobiographical book describing the author's experiences as a bond salesman on Wall Street during the late 1980s.
[lxi] Labour Chancellors of the Exchequer: Philip Snowden 1929-31, Hugh Dalton 1945-47, Stafford Cripps 1947-50, Jim Callaghan 1964-67, Dennis Healey 1974-79, Gordon Brown 1997-2007.
[lxii] Fred Goodwin (1958 -) was CEO of RBS Group (2001-09), which was effectively nationalised in 2008. He was knighted in 2004, which was annulled in 2012.