

SECRET

25.3.82

NOTE FOR RECORD

Copies to

- The Governor
- The Deputy Governor
- Mr Blunden
- Mr Loehnis
- Mr George
- Mr Walker
- Mr Dow
- Mr Fforde
- Mr M J Balfour
- Mr Flemming
- Mr Goodhart

W
25/13

The Governor will call on the Chancellor at 9.15 am on Monday 29 March (No 11). Topics are likely to include the ¹⁾Select Committee and ²⁾Hungary.

T E Allen

25 March 1982

Governor's Office HO-P
 T E Allen (4121)

He Called

SECRET

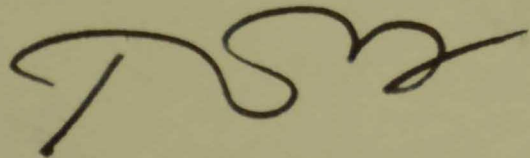
28. 4.82

NOTE FOR RECORD

Copies to: The Governor
The Deputy Governor
Mr Blunden
Mr Loehnis
Mr George
Mr Walker
Mr Dow
Mr Fforde
Mr Coleby
Mr Goodhart

*Mr
Walker*

sent
The Governor will call on the Chancellor at 10.00 am on Friday
30 April, at No 11. *- see note of mtg 30/4*


Governor's Office HO-P
28 April 1982

T E Allen (4121)

SECRET

not to be recorded
vide TEA 3/5.

The Governor

Copies to DG

GB

ADL

OSTG

OTW

MTB

GPS

W
4/5

R

For Record

1 spoke to J Sh

View at 7.25 pm

Today is passed on
the corrections - which
he entirely accepted.

R 4/5

PS1 Governor



NOTE OF A TALK BETWEEN THE CHANCELLOR AND THE GOVERNOR
AT NO.11 DOWNING STREET AT 10 AM ON 30 APRIL

In a general review of market developments during the Falklands crisis, the Governor pointed out that interest rates were now back very close to the levels obtaining at the beginning of April, with the yield curve ^{again} satisfactory; that equities were above their 1 April level, though gilts had not fully recovered from the first fall, and that the sterling/dollar rate had now come back above the 1 April level, though sterling had fallen against the deutschemmark. On balance, this situation was better than might have been expected, though it remained fragile, and could deteriorate rapidly in the event of dramatic, and not immediately successful, action in the Falklands.

in money markets

2. The Governor referred to a report that the Haig proposals might be published shortly, and might contain some reference to ex/im credits. He was not sure whether it would be wise for us to press the Americans to impose financial sanctions against the Argentine. Clearly there would be strong political and strategic arguments for encouraging the Americans to take dramatic action: but the economic arguments might go the other way, given the damage to the world banking system which might be done. Throwing in the kitchen sink was all very well, but one had to live tomorrow, and would need to be able to use the kitchen. The Chancellor took note.

3. The Governor mentioned conflicting rumours about Venezuela moving money out of London; and reminded the Chancellor that total outstanding loans to Venezuela from all sources greatly exceeded outstanding loans to Eastern Europe. He also mentioned that Lloyds Bank International were pressing their consortium partners for payment of sums due to them but blocked by the Argentine. He thought it right that they should assert their claims: the Chancellor agreed.

Latin America

pro-ata

while the relevant payments to Haig was

in view of the pro-ata provisions in loan agreements



4. The Governor mentioned that a further loan to Hungary was under consideration. The Italians, Japanese, and Swedes, who had not participated in the first loan, might take part in this one, perhaps to the tune of 50 per cent. The Bank would envisage taking their share* of the other 50 per cent - which* might amount to some \$10 million. *or perhaps 18 \$ 15 million*

*There might be circumstances
10/15
- and
- say need
go 15 \$ 15*

5. The Governor and the Chancellor agreed that it would be appropriate for them to meet on 7 May to compare notes on what should be said to Regan over that weekend, and during the following week.

J.O.K.

J.O. KERR.

Distribution:

- Chief Secretary
- Sir Douglas Wass (o.r.)
- Sir Kenneth Couzens (o.r.)
- Mr. Littler
- Mr. Middleton
- Mr. Lavelle
- Mr. Carey
- Mr. Monck

PS/Governor