Contents

Figures and Table viii
Foreword ix
Editors' Introduction 1
Who was Christopher Dow? 1
The Bank when Dow joined 3
The UK economy in the 1970s 9
The economy after 1979; monetarism and its consequences 11
Dow's contribution to the policy debate 13
Relevance to present-day policy issues 16
Dow's contribution to modernizing the Bank 19
Concluding matters 21
Acknowledgements 24
Statistical Annex 24

1 The Crisis Year 1976: Events to the Autumn, with a Brief Retrospect Back to 1973 34
   My first three years at the Bank 34
      Exchange rate policy 44
   Events of March to early September 1976 47
      Supporting the pound 54
      Bank-Treasury relations 56
      The sterling crisis deepens 59

2 Autumn 1976 to Summer 1977 65
   September to December 1976 65
      Negotiations leading to the IMF agreement 65
   The three months to Easter 1977 73
      A stronger pound 73
      Relations with the Bank's department heads and the Governor 78
   Easter to August 1977 79
      A new phase of incomes policy 80
      Changes at the Treasury 82
      A visit to the United States 83
      Old and new policy dilemmas 85
      A more powerful Bank? 88
3 Autumn 1977 to Summer 1978 90
Uncapping the exchange rate 92
'Practical monetarism' in the Bank 96
From an expansionary Budget to contractionary measures 98
A call to reconsider methods of monetary control 100
Thoughts on independence, and personalities and aspirations at the top of the Bank 102
Bank–Treasury relations and the seignorage issue 105
Beginnings of change at the Bank, and auguries for the future 107
Social life, and some observations on the Governor 108
The Iron Lady 110

4 Autumn 1978 to Summer 1979 114
Formation of the European Monetary System 115
The 'winter of discontent' 118
Attitudes and conflicts at the top of the Bank, and preparations for reorganization 122
Adjusting to the change of government 128
Impending recession, and policy dilemmas 134

5 Autumn 1979 to Summer 1980 138
Growing worries about the economy 138
Reorganization of the Bank 145
As recession hits, a different style of government 153
Violent incidents reflect rising social tensions 163

6 Autumn 1980 to Summer 1981 165
Recession deepens, though monetary growth exceeds targets 166
Mrs Thatcher attacks the Bank 167
Other participants in the policy debate 173
Further tightening in the 1981 Budget 176
The battle over monetary base control 178
Bank–Treasury relations 182
Policy drifts and lacks substance 184

7 Autumn 1981 to Summer 1982 188
The economy in 1981–82: bumping along the bottom 188
The Prime Minister dictates policy 193
The Falklands war 197
The overfunding debate 198
Changes in the Bank's senior staff 200
Looking to the future of the Bank, and of policy 202
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>8  Autumn 1982 to Summer 1983</td>
<td>208</td>
</tr>
<tr>
<td>A year of marking time, in the economy and personally</td>
<td>208</td>
</tr>
<tr>
<td>The Latin American debt crisis</td>
<td>211</td>
</tr>
<tr>
<td>Mrs Thatcher's ambivalence on monetary policy</td>
<td>215</td>
</tr>
<tr>
<td>Announcement of the new Governor, and other changes</td>
<td>221</td>
</tr>
<tr>
<td>Governor Richardson retires</td>
<td>230</td>
</tr>
<tr>
<td>Thinking about my retirement</td>
<td>234</td>
</tr>
<tr>
<td>Appendix: Main Problems Ahead for Economic Policy</td>
<td>235</td>
</tr>
<tr>
<td>9  Conclusion: Summer 1984</td>
<td>246</td>
</tr>
<tr>
<td>Notes</td>
<td>253</td>
</tr>
<tr>
<td>Notes on Names</td>
<td>259</td>
</tr>
<tr>
<td>Calendar of Main Developments</td>
<td>271</td>
</tr>
<tr>
<td>Index</td>
<td>295</td>
</tr>
</tbody>
</table>