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HOUSE OF COMMONS
LONDON SW1A 0AA

5th February, 1979

Dear Mayor

I do not know whether you have yet replied to the suggestion made in Dundas Hamilton's letter to Richard Ryder of 11th January, which you asked Richard to pass on to me. I have discussed the general subject with Nigel Lawson and Adam Ridley and, in case it may help you, am writing to let you know our collective response.

We all agree, of course, that it is very much in our interest to maintain close liaison with the City; but we are equally agreed that it would be politically unwise to handle this by making a formal appointment of the kind suggested.

John Sparrow has been doing an excellent job on an informal basis and we should very much hope that that could continue, more or less along present lines. In a rather different way, Adam Ridley and Peter Cropper maintain an extensive (and well-respected) informal network of contacts; if either or both of them accompany us into government, either at Number 10 or in the Treasury, then it would be helpful for this to be maintained.

We also hope that you yourself will be able to continue, as Prime Minister, to have regular meetings (even although less frequent than now) with the group or groups of City people with whom you now consult.

And finally, we are convinced that satisfactory liaison will require Treasury Ministers (as well as those in Trade or Industry) to maintain reasonably regular contact with the City, through lunches with the right people. In our last Government, such contacts were insufficiently frequent and not necessarily with the right people. I am impressed, by contrast, by the frequency with which one hears (when lunching, dining or meeting with City people) of pretty constant and informal contact between them and Healey and Barnett, in particular. They have made a conscious effort in that direction and we must certainly try to do the same.

We all feel that this is broadly the right way in which to proceed, rather than along the rather formalised and bureaucratic lines proposed by Dundas Hamilton (our Ministerial contacts could, of course, be improved still further if, for example, Harold Lever's

present role could be continued by someone as well-known in the City as, say, John Biffen).

Yours —

The Rt. Hon. Margaret Thatcher M.P.

John