

MEMORIAL SERVICE FOR LORD GEORGE: ADDRESS

Mervyn King

Governor, Bank of England

It was early one spring morning when the telephone rang and that unmistakable quiet, husky voice said, “It’s Eddie”. This was unusual. His normal telephone greeting was “It’s me!” “Can you meet me in the Bank as soon as possible?” he asked. To anyone else, I would have replied, “but it’s 8 o’clock in the morning on Bank Holiday Monday”. But Eddie never asked a silly question. So I went to the Bank. And there Eddie explained that earlier that morning the Chancellor had told him of his decision to make the Bank independent. And the world was told the following day, 6 May 1997.

How fitting that Eddie George led the Bank to independence. It was the culmination of everything that Eddie stood for – a clear national commitment to price stability with its implementation entrusted to an independent Bank of England.

It was the culmination too of a career founded not just on ability, but on values. Listen to his highly perceptive reporting officers who wrote about the young Edward George after only one month in the Bank:

“In conversation he radiates intelligence and shows an exceptionally attractive balance of confidence and modesty. His interest is considerable. He appears to be a man who should be trained immediately for a position of trust where a sense of responsibility, hard work, vision and a high level of intelligence are required. It is clear that he wishes to live by high ideals and is probing for sure foundations from which they can rise.” Almost fifty years later, one could not better that assessment.

And it explains why so many are here today to pay tribute to a remarkable man. It is no coincidence that we gather on 27th July. For it is fifteen years to the day, to the very

hour, since Eddie and Vanessa greeted the Queen and Prince Philip in this cathedral for a service to commemorate the Bank's tercentenary. And today the Union Jack is flying over the Bank to celebrate the Bank's birthday and the life of one of our greatest governors.

Eddie joined the Bank in 1962 as a 3rd Class Clerk on probation (Special Entrant). To say that Eddie George had an effortless rise to the top of the Bank would be to underplay the prodigious capacity for hard work that he displayed. In the 1960s, he broadened his experience with a secondment to the Bank for International Settlements in Basel, an institution for which he retained a lifelong affection.

Then in 1972, Eddie was seconded again, this time to be personal assistant to Jeremy Morse, who was Chairman of the Deputies of the Committee of Twenty. Only Englishmen could give the world an "Interim Committee" that lasted a generation. As befits someone who worked closely with Jeremy, Eddie was a natural "problem solver". Jeremy set the problems, and Eddie solved them. As one might expect from an extremely good bridge player, he liked, more than anything, to come into the Bank each day and play the hand that was dealt to him. The more difficult the position, the greater the challenge, and the more satisfying the work involved.

In 1982, Eddie became Markets Director, joining the Court of the Bank, and so began the period when his reputation outside the Bank began to develop. He modernised the Bank's gilt and money market operations and managed the markets through Big Bang. But it was his work behind the scenes, keeping in touch with every development in financial markets, that made his reputation. He had a vast range of contacts. And his role advising the Government on debt management was valued at the very highest levels – right up to the Prime Minister.

It was no surprise when, in 1990, he was appointed Deputy Governor and then succeeded Lord Kingsdown as Governor in 1993. After managing the crisis surrounding departure from the Exchange Rate Mechanism – he was Steady Eddie to everyone involved – he

revelled in the opportunity to promote stability through adherence to the new inflation target. The Bank was now expected to give public advice on interest rates to the Chancellor, Kenneth Clarke. The “Ken and Eddie” show, as it became known, proved top billing, with Eddie playing the central banker’s role of taking the punchbowl, if not the ashtray, away just as the party gets going. He was the right person to lead the new Monetary Policy Committee.

Not a natural platform orator, Eddie was a most effective communicator in small groups and on television, with regular appearances on *Breakfast with Frost*. An illustration of his ability to persuade is the story, wholly apocryphal I am sure, of Eddie and Wim Duisenberg, the first President of the European Central Bank . Eddie and Wim were renowned for finding new opportunities to smoke in forbidden places. One day Wim suggested that they try to obtain permission to smoke in church. “I will speak to the Pope if you talk to the Archbishop of Canterbury” he said. Always supportive, Eddie agreed. A few weeks later they met at Basel for the regular central bankers’ meeting. Wim had explained to the Pope that quite often he found himself in church on Sunday mornings and felt an overwhelming urge to smoke. Would it not be possible in such circumstances to light up in order to continue to worship? The Pope said that he understood but that it would be inappropriate, to use a favourite central bank word, to smoke in church. Eddie, however, to Wim’s surprise had had more success. “But what did you say to the Archbishop?”, Wim asked. “Oh”, said Eddie, “I just explained that sometimes on a Sunday morning I would find myself smoking when I would feel an overwhelming urge to go to church”. Few could resist the irresistible combination of charm and logic that underlay Eddie’s persuasiveness.

Eddie could certainly be intimidating, but usually only with good cause. With those who needed support and protection, and especially family, he was the gentlest of men. One of my favourite memories of him concerns a Central Bank Governors’ conference. While the Governors were dining in the Bank, their spouses were entertained at Hampton Court. The coach driver, who had successfully navigated from the Bank to Hampton Court, found difficulty in navigating the return journey. As progress, or lack of it, of the lost

coach filtered through to the assembled Governors, many of them decided to return to their hotels. When the coach eventually arrived, well after midnight, there was just one Governor to meet the arriving spouses, Eddie. With a smile and a kiss he greeted Vanessa, leaving a coach full of wives green with envy. And there are upwards of fifty central bank governors who have never lived this down.

The Bank too was the object of Eddie's affection. He loved its virtues and patiently worked to remedy its faults. From when I first met Eddie in 1990, I was always struck by two defining characteristics. First, the high standards of behaviour and integrity that he expected from everyone at the Bank, and of which he himself was the prime example. Second, his deeply pragmatic nature was allied to an even deeper conviction that until Britain committed herself to a path of price stability, the policy failures of the period covering his first thirty years in the Bank would persist. To see that so clearly from inside the machine was remarkable. Recall that first assessment of Eddie back in 1962: "It is clear that he wishes to live by high ideals and is probing for sure foundations from which they can rise."

Close to death, Eddie told me that he felt immensely fortunate. He had married his childhood sweetheart, raised a family of whom he was so proud, and had enjoyed every single day that he spent at the Bank of England. He had no regrets at all. How many, how few, can say that?

So that quiet, husky voice is no more. But through the example of his life and his work, he speaks to us still. From our memories of him we draw strength and inspiration to face new and difficult challenges, as he inspired so many during his lifetime.