

TODAY BARONESS SHRITI VADERA IS ONE OF the best-connected people in corporate London. The chair of Santander UK, on the board of BHP Billiton and until recently AstraZeneca, Baroness Vadera also runs the UK financial services umbrella group trying to tackle the Brexit fallout and the media talk about her as a possible next Governor of the Bank of England.

Brexit has the whiff of a crisis to many financiers. But rewind 10 years and you find the real deal, a full-blown global economic storm that was threatening all major Western economies. In London, orchestrating the response from the heart of Downing Street, was Baroness Vadera.

It is October 2008 and the Ugandan-born, Oxford-educated, former Warburg banker is a minister in Gordon Brown's Government. There is a Cabinet, there is a smaller kitchen Cabinet and then there is the inner circle.

Ed Balls, a long-time colleague and close ally of both Mr. Brown and Baroness Vadera, put it very straightforwardly when the Brunswick Review asked him. "There were only four people who really knew what was going on: the Prime Minister, The Cabinet Secretary Jeremy Heywood, the Treasury Permanent Secretary and Shriti," he said.

And what was at stake? Baroness Vadera is not overstating it when she says: "It was about saving the economy from the banks. It was about avoiding the 1930s and the Great Depression."

Britain was teetering on the edge. The credit crunch was gripping the country. And the banks were looking to the Government.

In late September, she went to Washington with Gordon Brown for urgent talks with US President George W. Bush. The British team were disappointed the President was simply set on the TARP plan being developed by then-US Treasury Secretary Hank Paulson. They felt this was inadequate and headed home.

On the London-bound flight, huddled around Mr. Brown's first-class seat, Baroness Vadera and the close cabal of advisers decided Britain would go it alone and recapitalize its banks, a course of action Mr. Paulson had rejected. She admits that it felt a "lonely place on that plane." But she began working on the complex rescue plan that aimed to give more liquidity, credit guarantees and recapitalization.

A few days later she convened a meeting at Standard Chartered's London HQ to test the plan quietly with bankers. The bank's chief executive Peter Sands hosted and with advisers from UBS, and Tom

Scholar, now Permanent Secretary to the Treasury, they set to work.

On October 7, the plan was being finalized. She eschewed sleep whereas others, including the Prime Minister, decided they need some rest. In the dead of night Baroness Vadera needed to speak to Mr. Brown and tried to navigate No. 10 Downing Street's corridors to find the sleeping PM. She tripped in the dark and stumbled over a tricycle belonging to the PM's young son John, waking up the family. Sarah Brown, the PM's wife, matter of factly called out, "Go back to sleep, John." Baroness Vadera whispered back, "It's me, not John."

As October 8 dawned, the plan was revealed to the market. "Neither I nor anyone else had any idea how it would play out," she says. But the markets reacted well. The timing and make-up of the rescue plan was critical. The markets often had a habit of rejecting rescue plans, particularly where Britain was concerned. Witness the way the UK tried to prop up the pound in 1992 – a failure which led to the UK falling out of the European Exchange Rate Mechanism.

"I don't think I had ever been so frightened in my life. But the important thing was not to show it because the whole package was about confidence.

"I remember walking down Whitehall from Trafalgar Square with Tom Scholar at the height of it and

Baroness Shriti

talks to
Brunswick's
**ANDREW
PORTER** about
overseeing the
plan to rescue
the UK financial
system from
the most severe
crisis it had
endured in a
century.

he turned to me and asked what my biggest worry was. I said that there would be no cash in the ATMs and the economy would not be able to function.

"There were thousands of people walking around that busy part of London and their lives could have been severely impacted if this went badly. The pressure was huge.

"At the time you are just focusing on the here and now. But there was no getting away from it: This was the stuff of nightmares."

The plan saw the government plow hundreds of billions of state support into the UK banking industry to keep it afloat: a £50 billion capital wall around all the UK's banks; £250 billion of credit guarantees to underpin bank lending; increasing a Special Liquidity Scheme to £200 billion. "We had to solve all the problems in all the banks," says Baroness Vadera.

Sir Fred Goodwin, chief executive of Royal Bank of Scotland, was a man who would become the pan-

tomime villain of the whole crisis. A few hours after the rescue plans were announced he rang Baroness Vadera as she attempted to finally get some rest on her office sofa. Baroness Vadera takes up the story. “He asked if I was sitting comfortably because he was about to say how much he thought RBS would need to stay afloat and I might be shocked. He offered a figure of between £5 billion and £10 billion. I replied that I was shocked but only because I was convinced RBS would need more.”

She was right. Ultimately RBS took £45 billion.

The word “tension” doesn’t go far enough when describing the atmosphere. The world hung on the

Baroness Vadera outside Downing Street on January 2018, roughly a decade after she had played a leading role in helping the UK financial system emerge from the financial crisis.

“We had to get the thing done before the markets opened on Wednesday, October 8. Honestly, anything else was irrelevant.”

So how do you deal with a crisis so profound, so real and so global? Then-Prime Minister Gordon Brown was, she says, “the man for that moment.”

“There were people who understood the politics, people who understood the economics, and people who had the connections, but only one person who embodied all of that in one individual, and it was Gordon Brown.”

Baroness Vadera points to the G20 summit in London in April 2009, where Mr. Brown persuaded



VADERA

flickering terminal screens in London, on Wall Street and across the globe.

“There was never a moment’s respite. We had BlackBerries back then and mine was primed to alert me to certain financial indicators and it would keep going off during the night. That tension and total awareness are hard to switch off. When I left in autumn 2009 I had nightmares. It stays with you.”

It’s not as if any playbook existed for this frightening an economic threat. “This was not some ‘off-the-shelf’ rescue plan you could take down and implement. This was something radical. It absolutely could have erupted if people had responded badly.

ANDREW PORTER is a Partner in Brunswick’s London office, specializing in public affairs and media. He is former Political Editor of The Daily Telegraph.

fellow world leaders to back a \$1 trillion injection of funds to stabilize the global economy. “We had constructed a \$1 trillion liquidity package for the world and were negotiating it live; I have never seen the like. That is a story that has not been told.”

Is the financial world and corporate world prepared for the next crisis? Where might it come from?

“I don’t know where the next one is coming from but there are cyber risks, there’s uncertainty in the political environment globally and there’s increasing activity outside the conventional banking system. The banks are ten times better capitalised but I have to tell you there is no shortage of crises in the world.” ♦