# Questions on the JMB affair

**A FULL Parliamentary inquiry into the Johnson Matthey Bank (JMB) fiasco is the last thing that the traditionally secretive Bank of England (which prides itself on its distance from Parliamentary scrutiny) could want. Opposition MPs, Hattersley included, are keen however that Bank officials be brought publicly to book for the rescue of JMB. Here we offer them a few tips on Bank weak spots that have not been covered elsewhere in the press.**

● QUESTION the Bank closely on the links between the JMB rescue and the state of Midland's finances. If JMB had to be rescued to prevent the collapse of Midland, as the Bank has been hinting to the press in recent weeks, why was it that a Bank team only went through Midland's loan book in January 1985 — some months after the JMB rescue?

● PRESS officials as to why no estimate was made of the cost of letting JMB go under, prior to its public rescue. JMB's deposits were substantial (£614 million in March 1984), and no attempt was made by the Bank to find out how many of these deposits were effectively insured against a bank failure by the Deposit Protection Scheme — funded by all UK banks, this ensures that 75 per cent of any individual deposit up to a value of £10,000 is recoverable in the event of a bank collapse.

● ENSURE that Bank officials understand that £200 million must be obtained from the sale of JMB and action against JMB accountants Arthur Young, if they are to recoup all monies they have spent on JMB. This sum covers the £100 million deposit, first revealed in the *New Statesman* on 21 December last year (now JMB capital), the £30 million of tax relief granted to the banks for agreeing to share JMB's losses, and the £68 million they and the Bank will have to pay to JMB under this arrangement — it's unlikely that the banks would let the Bank get its money back, without wanting theirs too.

● DISREGARD Dennis Skinner's recent statement that the decision to rescue JMB was influenced by Mrs Thatcher's personal relationship with a major JMB creditor whom he did not name. Mr Abdul Shamji, the creditor in question, is an associate of both the PM and Norman Tebbit, and has borrowed substantial sums from JMB (£20 million according to the latest estimates).

However, his borrowings are unlikely to have contributed to JMB's demise. They are dwarfed by the £100 million or so lent by JMB to fellow Asian entrepreneurs Ranjit Sethia and Mahmoud Sipra. And whereas Shamji's loans still appear good (though a charge was placed by JMB on two of his companies in January of this year), it was the £100 million lent to Sipra and Sethia that killed JMB when it had to be written off following the collapse of both men's companies.

**Duncan Campbell**

## Oh ho! A 2nd Grunwick?

*A STRIKE at a Glasgow furniture factory over trade union recognition could, locals believe, be poised to escalate into a dispute of Grunwick proportions.*

*Seven weeks ago, on 25 May, 35 members of the Furniture Timber and Allied Trades Union (FTAT) walked out of H. Morris Ltd demanding union recognition and the implementation of a 30-hour week to comply with a national agreement. The company, which is now under the management of 29-year-old Robert Morris, a flamboyant advocate of free-enterprise, reacted by sacking all the striker.*

*Although H. Morris Ltd is leading contributor to the Scottish Furnishing Manufacturers Association, Morris has bluntly stated: 'This firm does not recognise the national agreement. These people have been sacked. There'll be no negotiation.'*

*A mass picket last week attracted support from amongst others, workers at Govan shipbuilders and Yarrows. FTAT West of Scotland organiser Bob McCallum says: 'This man Morris has thrown down the gauntlet to the trade union movement in the West of Scotland'.*

**Graham Ogilvie**