

SECRET

6.11.84

Extract from

BOOKS, TUESDAY 6 NOVEMBER

Copies to Mr Loehnis
Mr Cooke
Mr Goodhart
DGPS

Those present: The Governor, The Deputy Governor, Mr Loehnis,
Mr George, Mr Walker, Mr Galpin, Mr Flemming,
Mr Coleby, Mr Somerset, Mr Quinn, Mr Gill,
Mr Plenderleith, Mr Kent,

2 The Governor reported on his meeting with the Chancellor.

- 6/11 pps 34/1*
- (a) The Chancellor agreed that the Bank should reply on his behalf to Dr Owen's letter on Johnson Matthey.
 - (b) The Governor promised to send the Chancellor our report on the JMB affair before the end of the week.
 - (c) The Governor explained to the Chancellor that JMB's loan losses were likely to fall within the range of £170-250 mn. In the worst case, and assuming that the indemnity was agreed on the lines currently envisaged, the maximum loss to the Bank would be some £40 mn. The Treasury team did not seem unduly concerned by this.

Governor's Office H0-P
6 November 1984

John Bartlett (4121)



Routine reports - overdue.

Walker sheet

Ch "I have fwd. yr letter & have asked him to reply"

POINTS FOR DISCUSSION WITH THE CHANCELLOR

- (a) Suggest that Bank should answer Mr Owen's latest letter. Mechanics - Chancellor to reply, enclosing copy of letter from Governor to Chancellor.
- (b) Explain the errors in Owen's letter.
- (c) Explore whether it might be appropriate for us to deal with the JMB affair in front of the Select Committee. If so, important for us to be seen to take the initiative.
- (d) Mention a successful meeting of Court and say that we hope to send HMT our report before the end of the week.

at appropriate time

audit
- re. improvement of dept.

e) Haslam OK (not mentioned)

ready by Friday

1.2617
2.9472
3.71½
76.2

} 3 on 10/16.
height of the day