

Will MPs probe deeper than the Tribunal?

THE COLLAPSE of the property boom in 1974 left the Crown Agents with debts of over £210m, and forced the Government to step in with an £85m. rescue operation.

The Agents managed well over £1,000m. for overseas governments and local authorities. In the late 1960s senior officials shifted away from prudent money-making policies towards investment in property schemes and secondary bank operations which expected to reap abnormal yields out of the boom in land values.

The crash exposed the speculative nature of the Crown Agents' deals, and led to an investigation by the Stevenson Committee.¹ Parliament was not satisfied that the public knew enough about the behind-the-scenes dealings, and in Dec. 1977 another report was produced.² Prime Minister Jim Callaghan wanted to conduct further enquiries on a secretive basis, but MPs forced the Government to set up a Tribunal which gets down to business in September.

At a preliminary hearing Mr. Justice Croom-Johnson, the chairman, said that the Tribunal was not a trial. There will be immunity from criminal proceedings for witnesses.³ Their terms of reference are to inquiry "to what extent there were lapses from accepted standards of commercial or professional conduct, or public administration in relation to the operations of the Crown Agents as financiers on own account in the years 1967-74."

But far more interesting are the questions which will **not** be asked. For the Crown Agents are guilty of being one of the major providers of the "loose" money which fuelled the speculative boom. What part did that money play in pushing up rents, squeezing efficient firms out of business and encouraging others to risk their savings in land speculation rather than in the formation of job-creating capital?

Such issues will not be aired by the witnesses called by Mr. Justice Croom-Johnson. They should not be ignored, however, and the Parliamentary debate which will follow the publication of the Tribunal's report will present radical MPs with the opportunity to raise the fundamental questions.

For ultimately the Crown Agents were playing the established game. They cannot be condemned for doing what the system encourages: our society rewards those who shrewdly speculate in land. And

the Crown Agents are charged with getting the best returns for other people's money, and land speculation is not a pursuit which our political leaders have so far shown any inclination to effectively prevent. So does it make sense to censure the Crown Agents for doing what others—more successfully, and therefore without running the risk of incurring public ignominy!—are permitted to do?

◆*The taxpayer has not yet finished underwriting the Crown Agents. In 1971 the Agents allotted £110m. for property development in Australia. So disastrous was this venture that a further Government grant of £90m. was made earlier this year to avoid the Agents' insolvency, bringing the total public commitment to £175m.*

1. *Report by the Advisory Committee on the Crown Agents (the Stevenson Committee), 24 March 1974, HMSO, 1977.*
2. *Report by the Committee of Inquiry appointed by the Minister of Overseas Development into the circumstances which led to the Crown Agents requesting financial assistance from the Government in 1974, HMSO, 1977.*
3. *The Times, 11.4.78.*

City financier jailed for bribing Crown Agents official

SPECULATION inevitably entails a strong element of gambling, and the reputations of two men have suffered for what they did during the 1973/4 land boom.

The prospects of high unearned rewards led to the corruption of a top official of the Crown Agents, Bernard Wheatley, who died last year before he could be tried at the Old Bailey.

Ex-City financier Sidney Finley gambled that his corrupt practices would not be discovered. He lost, and was jailed for a year on July 4. Finley gave bribes in the form of personal loans of £322,000 to Wheatley, who was the sterling money market manager for the Crown Agents.

Wheatley controlled millions of pounds, which enabled him to lend £1.75m. to Finley. The bribes which he received in return were used to help finance his gambling in West End casinos.

James Miskin, QC, the Recorder of London, told Finley: "The jury's findings shows that in the very difficult early months of 1974 you entered into a corrupt arrangement with Wheatley. Corruption eats at the fabric of honest society and calls for a prison sentence."