

SCANDAL NO. 2.

It had been the policy of the British Government to secure the overthrow of the illegal government of Rhodesia through the application of economic sanctions. A vital element in the sanctions policy was an embargo on the supply of oil.

Expert opinion was almost unanimous that the illegal regime could not long survive the successful execution of this policy, especially since it had the support of the General Assembly of the United Nations.

If these forecasts had been borne out, the ensuing bloody seven-year war would not have been fought, and the many thousands of ~~casualties~~ on both sides would undoubtedly have been spared.

The all-important oil embargo did not work from the start.

Towards the end of 1978 it became apparent that Britain's own oil giants - Shell and B.P. - had organised and operated large - scale contravention of the sanctions law.

The Sunday Times had played a considerable part in exposing the stark detail of the scandal,

and "The Sunday Times" returned to the story in October 1980, with a new source of evidence, -

"However without any public discussion, it was agreed not to take any legal action at that time. The reason was a declaration by the companies that they were no longer in any sense supplying Rhodesia directly. Instead they had entered into a 'swap' deal with Total, under which the French group (though itself theoretically bound by the United Nations sanctions call) would ensure Rhodesia's needs, while the British firms reciprocated by meeting Total's commitments elsewhere in southern Africa. This was accepted in Whitehall (though precisely by whom has never been clearly established) as letting Shell and B.P. off the legal hook."

out ---
It appears that the 'swap' deal might have been little more than elaborate fiction.
Had the 'tiny people' in this p... been told the truth?

The report of an interview given to the Sunday Times by Dan Airey, who had been operations manager of Genta, the official agency set up by the Smith government to maintain oil supplies... that indeed they

"Shell never stopped deliveries" says, Dan Airey, one of the two men who ran the Rhodesian pipeline for most of the period between U.D.I. and independence.

According to Airey, the controversial 'swap' agreement with the French oil company Total, which persuaded the British government not to prosecute the two U.K. sanctions-breakers, was "a red herring... just a way of covering things up."

He states unequivocally that the swap deal was a disguise, with little or no substance in reality, and makes a number of further important points bearing on the still largely obscure sanctions story.

He says -

"If Shell and B.P.'s South African offshoots had refused Genta's initial request for oil, then the Rhodesian rebellion inevitably have collapsed.

Shell and B.P. did not refuse, because they were concerned at the resulting loss of their Rhodesian markets and profits.

Shell in particular smoothed the operation by seconding several of its own employees to Genta and lending technical assistance."

Meanwhile, Norman Shrapnel has a comment, -

"According to the Bingham Report on sanctions evasion, which shatteringly revealed this neat arrangement (the real or fictitious 'swap' deal) responsible ministers knew as early as 1967 that oil could not be prevented from reaching Rhodesia except by applying sanctions to South Africa, and this nobody was prepared to do. It seemed a strange charade, in the light of Bingham, for the Government to have spent millions of taxpayers' money on the fatuous exercise of mobilising the Royal Navy to blockade the Mozambique port of Beira."

And, meanwhile, the Crown have ruthlessly and successfully pursued the 'fmy people' in the Paulson Affair.

THE I.C.I. AFFAIR.

The I.C.I. Affair thrust itself briefly into the forefront of our attention in 1976 - a vintage year for 'disclosures' and 'admissions.'

The Daily Mail reported in September -

I.C.I. yesterday admitted paying massive backhanders to foreign government officials.

The chemical giant - Brit second largest company - said the sum involved was £1,350,000.'

Elsewhere the £1,350,000 was described as 'questionable payments.' This was a phrase used in the company's official statement.

The Daily Mail quoted a company spokesman as saying that the payments were 'nothing more than oiling the wheels.'

It was becoming clear that the form of words used to describe these 'questionable payments' in the world of commerce was a matter of the most careful consideration and selection.

Journalists tended to deal in less euphemistic language, such as,

'bribe probes' and 'corrupt payments' and 'massive backhanders',

Company spokesmen and official statements, on the other hand, were commenting on 'commissions', 'agents' fees', 'trade inducements', 'payments to obtain action' and such trivial, routine action totally unworthy of notice as 'nothing more than oiling the wheels.'

The I.C.I. Affair followed faithfully the now-familiar formula. The Suspicion - The Admission - The Statement - The Wrap-Up.

Again, in this case, The Admission conceded that the 'commissions' had been circulating for some time. The 'oiling' process dated back to 1972.

Z hadn't noticed. But then Z was being questioned by the police at the time.

The company statement, made no doubt by a company spokesman with a straight company face, assured us all that I.C.I. "supported the Organisation for Economic Co-operation and Development guidelines that enterprises should not render any bribe or improper benefit to any public servant or holder of public office."

The statement continued with an article of company faith,

"I.C.I. believes that it is important that countries as well as companies abide by this code if high standards of business ethics are to be observed."

It was reported that the company spokesman had refused to say whether 'questionable payments' would not be made in future.

One newspaper report concluded with the terse announcement -

"Neither the Confederation of British Industry nor the Department of Trade would comment on I.C.I.'s statement last night."

The Daily Mail reporter had made a confident, if somewhat ingenuous forecast -

"The bombshell is sure to cause a major scandal in Britain -----"
It did not.

This Affair, too, subsided quietly *and*

The Wrap-Up was classic.

The company spokesman again,

"No one is to be disciplined. It is a situation which will now be stopped."

Meanwhile, *we* POULSON PEOPLE, *as our person* privileges included access to the daily papers, could reflect at leisure on the comments of an observer of the I.C.I. Affair,

"The ridiculous thing is that for doing this abroad you get the Queen's Award for Industry. For doing it at home you can get five years."

THE LEYLAND AFFAIR.

Again, the first exposure broke in 1976, with allegations of the operation of a Black Market in Range Rovers, one of the Leyland models which was very much in demand.

A year later the Daily Mail, in an exclusive, revealed details of a 'World-wide Bribery Web at Leyland.'

The opprobrious term 'Slush Fund' *was by this time finding a place in everyday speech*

The sums alleged to be involved *were on a scale likely to be beyond the man-in-the-street's comprehension.*

The Daily Mail threw out the figures,

"In the year 1975-76, British Leyland's own records show that they forecast paying £11,372,700 in slush money overseas."

And the forecast this year - according to top British Leyland executives - could be as much as £25 million to be paid out in bribes and undercover commissions."

The Mail claimed to have,

"Documents in our possession, including copies of invoices and sales records, as well as British Leyland's 'special billing' ledger, show that every continent in the world is touched except North America."

Copies of several of these documents were reproduced in the paper, including a copy of a letter purporting to have been addressed to the Chief Executive of British Leyland, by Lord Ryder, Chairman of the National Enterprise Board.

The opening paragraph of the letter read -

'I must inform you that the proposed method for dealing with 'Special Account Arrangements' has now been nodded through by the Secretary of State . You should also by now have received (sic) advice on this matter from the Bank of England.'

The 'Ryder Letter' was certainly explosive material, as it could be taken to offer evidence that the National Enterprise Board, the Bank of England and Mr. Eric Varley, the Industry Secretary, had been privy to the 'slushing' operation, and had condoned it.

Both Mr. Park and Lord Ryder immediately denied any knowledge of the letter.

The Daily Mail replied that this was the only one of some 60 pages of documentation in its possession which was being challenged.

The 'Ryder Letter' was later proved to be a forgery.

The Observer concluded that since -

"The letter suggesting Lord Ryder of the National Enterprise Board and the Bank of England's complicity has dramatically been admitted to be a forgery and much else in the details of the revelations may well now be subject to doubt. But the broader allegations that British companies are spending large amounts of money in questionable commissions, whether precisely defined as illegal or not, has yet to be refuted."

The Leyland Affair had a comparatively long run and Lord Ryder conducted an official investigation into the allegations.

Graham Barton, the Leyland executive who had 'leaked' the tell-tale documents to the Daily Mail, was tried and convicted on charges relating to the forgery of the 'Ryder Letter.'

At the trial two Leyland executives had sought High Court orders rather than be brought into the witness box.

Barton, himself, had refused to take the oath as a witness, preferring to make a statement from the dock because he was "not going to tell the whole truth." He had insisted that he had confessed to the forgery in order to protect some mysterious source.

The Leyland Affair duly subsided, albeit a little more uneasily than some of the others which might have been expected to challenge the Poulson Affair for newspace, notoriety and 'tiny people.'

The Guardian sounded the death-knell in a leader following the trial in 1978,

'The Trial is over, the Slush lingers' ran the headline.

'Judge King-Hamilton made little attempt to conceal the distress he felt at some of the 'special commissions' (£16 millions worth on one estimate) which had been sloshing around Leyland in recent years. Neither was he much impressed with the quality of the evidence given by Lord Ryder, former chairman of the National Enterprise Board, and as such, the then overlord of our state-owned motor company.

Mr. King-Hamilton observed in his summing up that the public could well have been forgiven for thinking that it was, in his words :

'British Leyland who were on trial or the National Enterprise Board or maybe the investigating committee (which looked into the original slush fund allegations) or perhaps Lord Ryder himself.'

Later the judge suggested to the jury that Lord Ryder had been "possibly less than frank ... or even deliberately untruthful" in some of his answers. Certainly Lord Ryder lacked forthrightness. At first he claimed that he had found "no evidence of corrupt practices" when he led an investigation for the Government into allegations of bribery in foreign parts. Later he admitted that corrupt payments had been limited to "a small number of comparatively trivial cases." Next the court was hearing evidence of £700,000 being slipped to the brother-in-law of a commander of the national guard in an unnamed country. Lord Ryder had not investigated that case further because the brother-in-law did not hold public office. Neither had he interviewed the man who had made the payment. Eventually it turned out that Lord Ryder had limited his inquiries into possible bribes to public figures.

He had sought information solely from a handful of department heads.

"If you can't take the word of the chairman, the managing director and heads of divisions, where do you stop?" Lord Ryder asked at one point.

The Guardian leader, like the trial itself, was pushing the defendant (another 'tiny' who had managed to end up in the dock) into the background and focussing the bright lights on the company, its management and the official inquiry -

'By the end of the trial, potential witnesses from British Leyland had sought High Court injunctions rather than go into the witness box to discuss company documents and defence counsel had read out a top level memorandum discussing how best to make illegal payments abroad, the risk of 'acute embarrassment' and 'financial ruin' for British Leyland if earlier payments were uncovered and the dangers of 'undue pressure being brought to bear on the corporation by persons threatening to expose details of our activities.'

In short the trial has raised more questions than it has answered about the conduct of business at British Leyland - to say nothing of the conduct of investigations by Lord Ryder. Like it or not the judicious use of 'back-handers' is an integral part of business ethics in much of the Third World. To outlaw all 'special commissions is, perhaps to stop British Leyland competing for much foreign business.

That said, a fuller, more formal - and possibly franker - investigation into Leyland's business methods is long overdue. It is not merely industrial relations which gives cause for concern and the Barton case does not entirely rest with the disappearance of Mr. Barton.

It was reported that the 'questionable payments' or 'special commissions' had been known internally at Leyland as 'market factors.'

While the Leyland Affair was running its short but colourful course, Lord Ryder made the news in another connection.

It was reported, in 1977, that he had decided to repay the sum of £49,500 to his former company Reed International.

He stated at the time that he had thought the cash had been a post-retirement gratuity from an overseas source independent of Reed.'

When he found the payment had been reimbursed by the Canadian subsidiary of Reed International he 'immediately insisted on repaying it.'

According to the Reed accounts the payment had been made by the subsidiary to an unnamed third party. It had been made 'apparently with appropriate corporate authority.'

A statement said that an 'independent investigation' had been started.

Meanwhile WE POULSON 'TINY PEOPLE' had, by 1978, all been released from prison. ~~There would not~~ I made time to ruminate on, and philosophise about the subtleties of difference between 'bribery', 'corruption' and 'trade inducements', 'market factors' and 'nothing more than oiling the wheels'.

In a press interview I said, "The margin between corruption and enterprise should be clearer than it currently is."

The thought was echoed by Angela Singer in a long piece in the Guardian on the Leyland Affair.

She quoted the judge's comment during the course of the Barton trial,

"Anyone coming into this court for the first time during any of those five days could well be forgiven for thinking that it was British Leyland who were on trial, or the National Enterprise Board, or maybe the investigating committee, or perhaps Lord Ryder himself".

He and added -

"It would have been interesting to have heard the jury's verdict on that."

THE LOCKHEED AFFAIR.

This was The Big One!

It was revealed in 1976 - the date now seems to have an inevitable association with 'Affairs' - that the Lockheed Company had, for many years, been making use of the device of offering 'trade inducements' and 'payments to obtain action' in high places, as a sales aid in the promotion of its range of aircraft. The product range, described as the 'kickback planes', included Starfighters. Tristars, Hercules' and Orions. They all,, it appeared, had had their wheels well and truly oiled!

During its short lifespan the Lockheed Affair got the 'full treatment' in the Press. -

"Lockheed Bribe Row Takes Off" declared one headline.

"Shock waves from the 111 million Lockheed bribes scandal are rocking eight capitals.

Airline Chiefs have been sacked, air force commanders ordered to appear before courts of inquiry, a Prime Minister summoned to testify before Parliament, and in Holland, a monarchy imperilled."

The scandal spread its tentacles round the world. Defence Ministries and top-level air force commanders came under investigation in Holland, Japan, Italy, Turkey, Hong Kong, Sweden, Colombia and Mexico.

It was a considerable relief to learn that Britain did not appear on the black list.

In view of that, perhaps it was understandable that the Lockheed Affair did not linger long in our consciousness.

There had been a flurry of interest, certainly, when Prince Bernhard of the Netherlands resigned all his defence appointments following the publication of an official report found that he had 'shown himself open to dishonourable requests and offers.'

Meanwhile it was left to me, the POULSON 'TINY PEOPLE', to give expression to the uncomfortable inconsistencies in our attitudes to the whole sorry question of 'corruption' versus 'market factors.'

We might have preferred to avoid confrontation with the harsh reality of inconsistent, irrational, illogical standards.

In an interview with a journalist, on my release from prison, I was asked,

'Would you say that in general there was a double standard applied to local government as against other institutions?'

I replied, 'Yes, certainly. The best example of that is the Lockheed Affair. Nobody, including Lockheed itself, would deny that it was responsible for widespread payment of people in Government and power, for the sake of selling its aircraft.

So at the same time as I was serving a sentence for corruption in connection with Poulson, Lockheed which was seen and acknowledged to be a corrupt company on an international scale, signed a contract with British Airways to purchase some £230 million worth of aircraft.

So it's no good pretending that corruption is a moral question or that it precludes people from trading.

I would say a double standard was also applied to B.P., which had a majority public stake. It admitted paying large sums to corrupt Government officials in Italy and maybe elsewhere -----"

As one of

The POULSON 'TINY PEOPLE', I had much to reflect upon

When is corruption not corruption?

Who answers?

Who does not?

The Crown Agents' Affair, for example, had been described as a "damning indictment" of the Ministry of Overseas Development, the Treasury, the Exchequer and Audit Department and the Bank of England.

Reported fraud in the City, in 1977, totalled £115 millions.

Large scale police corruption had been exposed, involving the Fraud Squad, the Flying Squad and the Drugs Squad. It was reported that 82 officers had been dismissed after formal proceedings and 301 had left after disciplinary proceedings.

In 1976 again, the Guardian reported that the Trade Secretary, "after much deliberation" had decided to publish a Department of Trade report on the fringe bank, London and County Securities. Jeremy Thorpe, the Liberal Leader had been a director of the bank, which had collapsed with deficiencies of £51 millions.

The Guardian reported -

"The most controversial aspect of London and County's activities had been the business of making loans against the security of second mortgages on private housing. Once, indeed, it emerged that one of London and County's customers had been charged an interest rate of 280 per cent on a loan. This kind of business, which is now to be controlled under the Consumer Credit Act, first drew public attention to Mr. Thorpe's directorship at the bank."

Speculation on the findings of the report was raised -

"What will it say about Mr. Thorpe? Almost certainly it will argue that he was wrong to lend his name to the organisation.

However, the criticism is expected to end there -----"

In the event, this conclusion proved to be well founded.

Although publication of the Department of Trade report was greeted with a crop of 'Thorpe' headlines, he was cleared.

The Daily Mail described "Thorpe's Day of Anguish" and asserted "Liberal Chief is Hammered for his role as Director of Fringe Bank."

We learned that,

"The Government report cleared the Liberal leader for his part as a director in the overnight collapse of the London and County fringe banking group.

But his escape from one of the City's more spectacular crashes in recent years was narrow.

The investigation shows that Mr. Thorpe's name and reputation was used as a front and window dressing for a shattering catalogue of fraud and deception."

Earlier, the Affair had been described by a senior banker as "a can of worms."

But it, too, soon disappeared into the limbo of forgotten things.

There were, it seemed, too many 'Affairs' for us to digest *and they* made the collective gorge rise in a rapid succession of revelations, explanations, reports, statements.

But ----the only one with real staying power had been the Poulson Affair.

Why had it been worth such a 'long run' when the others had justified "one week only"?

Dr. Eric Treacy, Bishop of Wakefield, had suggested that Poulson - was "a scapegoat, a political prisoner, and the venom unleashed on him was a purging of society with its own sense of guilt."

Even if this could be accepted by the rest of us as the most farsighted and telling of observations, the Poulson 'tiny people' could still be excused for wondering why the Poulson Affair had been chosen as the remedial measure with which to purge "*society of its own, sense of guilt.*"

Especially as it was beginning to appear that there might have been a wide choice in the matter.

Had they just been unlucky in the draw?

Would we, the 'tiny people' *even find out?* as all these

Perhaps it was 'considerations of compassion' that had made them the unlucky ones!

On the day when the decision was taken to prosecute *me especially for the fourth time* the fourth time, the man in charge of 'The Compassion Department' at the D.P.P.'s. office must have been having a day off!

There may be a thousand and one 'good reasons' why *I* and they, can continue to ask the questions, but get no satisfactory answers.

'Tiny people' by tradition almost, have to expect ^a little 'unpleasantnesses' if they ask too many questions.