

CHAPTER 15.

MEANWHILE.

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The Select Committee on Conduct of Members published its Report on July 13th 1977.

Three days later, David Leigh, in the Guardian was able to offer some tantalising part-solutions to the ~~M~~ystery of the ~~d~~eletions -

'When M.P.'s. debate the Commons select committee report on Poulson and Parliament next week, they will not have every piece of evidence before them. There are missing passages in the transcripts of evidence given by Mr. Short and Mr. Maudling.

Mr. Maudling seems to have been successful in persuading the committee not to publish the transcript of his evidence to the Poulson bankruptcy hearing. He has already mounted a court action to keep this private.

The existing transcripts also show Mr. Maudling was unwilling, because evidence on oath was being recorded, to name other politicians who did the same as was being suggested about him at the time : dealing with foreign politicians in a political capacity alongside private approaches to win business from them.

Mr. Maudling asked as well, whether an official report existed to the Director of Public Prosecutions, saying he and others should be prosecuted. He did not receive a direct reply, and the committee's report does not refer further to it -----

The testimony of Lord Glenamara, then Edward Short, has five questions and part of a sixth deleted -----'

The findings of the Report were duly debated in the House of Commons, just before the House rose for the long summer recess.

Three M.P.'s - Reginald Maudling, Albert Roberts and John Cordle - had been strongly censured by the Select Committee, in respect of their business links with Poulson.

Cordle had resigned before the debate. In the case of Maudling and Roberts, the House had employed the device of 'taking note of' - rather than agreeing with the Select Committee's findings. Separate motions calling for the expulsion or suspension of Maudling were heavily defeated.

There was nothing further to offer in terms of investigation, prosecution or official inquiry.

It had all ended, *as I had expected*, with a wimper rather than with a bang.

But, - there *was further insult yet to be added to injury and fittingly*, it was spoken by the Director of Public Prosecutions.

In an interview with John Edwards of the Daily Mail, on July 12th 1978, the Director commented on the Poulson Affair, and acknowledged that there had been 'a great number of suspects, possible defendants, against whom charges were not brought in the end.'

The Director was at pains to point out that *he had exercised his discretion in their favour*.

On what grounds?

How is such discrimination determined?

'Considerations of compassion were deemed to outweigh the need for prosecution.' *he said*.

Ah, yes - Compassion! A fine, humane quality!

That consideration of compassion could *be* weigh *ed* in the balance was, no doubt, a proposition *to* be welcomed.

That mercy could, at times, be introduced by the Director of Public Prosecutions as an ingredient with which to season justice was, surely, worthy

That such discretion could, apparently, be exercised by the Director of Public Prosecutions in favour of certain individuals - and not in favour of others, can only have added to the *bitter* resentment, of Mr. Justice Caulfield's 'tiny people' and their families.

If the Poulson Affair can be said to have opened in early 1968, as I argue here, on the day Barry Payton met a policeman, and closed in 1978 with the Director of Public Prosecution's announcement, It will be seen to have occupied the attention of the public, the media and the various agencies of investigation and inquiry for just over ten years.

Had public opinion been satisfied?

Had the public interest been served?

The Affair is already a hazy area in the recollection of many who had followed its intricate and tortuous progress.

There emerged no clear, concise answers to such questions.

No doubt many unacceptable practices had been exposed to detailed and prolonged scrutiny. Some of those who had abused positions of trust had been brought to account. Some strenuous efforts had been made to enunciate and recommend procedures which would prevent a repetition of such sordid excesses.

But, doubts were expressed at the time, and doubts remain.

New procedures have been adopted for those in the public service, and further safeguards have been introduced, especially in the wake of the Salmon Commission.

As recently as June, 1980, a speaker addressing the annual conference of the Institute of Municipal Engineers on the subject of 'Ethics in the Public Service' argued that the shadow of the Poulson Affair still hangs over local government.

There are many others active in the public service who share that view.

Aside from the many other disquieting factors in the handling of the Affair, it would appear that those operating at the 'sharp end', local government officers and elected representatives, do not feel entirely secure in such reforms and revisions of existing codes of conduct, as have resulted from the Poulson Affair.

The speaker acknowledged that 'external influences' particularly since the Poulson scandal, had been examined by various bodies, but that there had been no comprehensive approach to the question of ethics. There was still some aspects of local government activity which were, in his opinion 'susceptible to improper influence from outside.'

Recent publications have commented on the Poulson Affair, reviving some of the public disquiet in one breath, and perpetuating the associated myths in the next.

Norman Shrapnel's review of the decade, 'The Seventies : Britain's Inward March' attempted to see the Affair through the eyes of its audience. It is perhaps significant that he had already written 'The Performers : Politics as Theatre.'

He seemed to be suggesting that blame for the existence of corruption in public life should be collective, and that there was no real evidence of the collective will to formulate a cure.

"When the Poulson scandals, Britain's belatedly mini-Watergate, mildly shook the nation in mid-decade, Britain belatedly woke up to the fact that our public life was not, as we had complacently believed, so much more virtuous than others as to make up corruption-proof. Our sins might only (by American measure) be little ones but they were undoubtedly there - and, because of that lazy or self-satisfied assumption of virtue, easy to get away with. Nor (unlike the Americans) were we all that eager to correct them even when their existence was inescapable.

The Poulson affair was in fact wide and startling enough in its ramifications; and the most startling thing about it was that John Poulson, a north-east businessman convicted in 1974 on charges of corruption and conspiracy, had been operating for years before his bankruptcy brought the affair to light ----- Why was the corruption not exposed earlier?"

Why indeed?

It is the strongest indictment of the handling of the entire Poulson Affair that it should still be necessary to ask. There is, as yet, no satisfactory answer.

Yet Shrapnel sees fit to draw the inference that Poulson had focussed his attention exclusively on Labour - controlled councils. He should have read the Select Committee's Report, Appendix 68, which would have revealed to him that the Poulson's interest and attention was above party politics. He was only interested in People in power, irrespective of Party.

The prosecution, aided by massive media coverage of the Poulson Affair, and strategic individual legal actions, had succeeded in fixing the Poulson Corruption onto the North East Region, and on the predominantly Labour administrations of that area. Whereas, in fact, the eye of the web was in London.

Against such a background of half truths, it was possible for the castigations of the Region, and particularly myself, to continue unabated.

John Ardagh in "A Tale of Five Cities" offered a study of Newcastle-on-Tyne as one example of five European "regional capitals."

In a lengthy reference to me which was, on balance, complimentary, he included the charge, -

"At his trial in Leeds, it was proven that he had misused his public posts - on the City Council and later the N.E.P.C. - to award building contracts to big national firms from whom he took large sums of money as commission."

PROVEN? Even Peter Taylor Q.C., the Prosecuting Counsel went out of his way to point that out then I had done no such thing.

This is just one of the libellous inaccuracies and false statements which I was moved to refute in correspondence with Ardagh and his publishers.

My letter of protest to the publisher, dated November 24th 1979, reads, "I am obliged to you for forwarding to me the review copy of John Ardagh's book, 'A tale of Five Cities.' Having read the book, I find it well written and informative, as well as interesting and enjoyable. As you no doubt would expect, I feel it appropriate to take this opportunity of pointing out some of the inaccuracies, false assumptions and erroneous conclusions. John Ardagh's view of my corruption is similar to that oft repeated view of most other writers whenever they refer to 'The Poulson Affair.' It is a view I shall continue to protest. Please bear with me and hear me out.

The corruption in which I was involved let to statements by FOUR consecutive Prime Ministers on the floor of the House of Commons and was, additionally, responsible for the paramount setting up of TWO Royal Commissions and, later, a Special Parliamentary Commission which reported to the House of Commons. Might I suggest that this top-level activity elevated my case from a 'sordid' tale of Local Government corruption (and rarely a week passes nowadays without some similar report, albeit relegated to lesser importance) into something which SHOULD have been of greater importance in the national interest.

I write this, today, November 24th 1979, in the heat of the Blunt disclosures. I believe that, by highlighting the practices of some activities of Local Government in general, and of Labour-controlled authorities in particular, the REAL powers-that-be were able to sink

a whole series of other and more serious activities without trace. That the Poulson issue never achieved the proportions it could have done is a fact which cannot be laid at my door. I am sorry that John Ardagh's book perpetuates many of 'Smith's myths' and, by false statements, heaps his share of coals onto the fires-----

Today I am more convinced than ever that the eight-year period during which I was shunted from trial to trial, courtroom to courtroom, and later, prison to prison, was another cover-up exercise."

The letter goes on to deal with the 'inaccuracies, false assumptions and erroneous conclusions' in detail. Referring to the particular charge that he had 'misused his public posts - on the (Newcastle) city council and later the N.E.P.C.," I wrote,

'This is a blatantly and COMPLETELY FALSE AND UNTRUE STATEMENT as the TRIAL TRANSCRIPT will clearly show, and one that I wish to be CORRECTED FORTHWITH.

John Ardagh's conclusion appears to be that I typified the worst extremes of corruption, in which event it surely should have been possible for the CROWN to PROVE corruption before a jury ! They never did.

At no time was I ever tried in Court alongside my well publicised and so called 'major associate and conspirator' John Poulson - another VERY strange fact which might engender the question 'Why not?' In truth, this was never the correct description of our association at all. I was not, and never was, his first 'lieutenant' of popular media encouraged assumption.

Nor, and again please note, did a single one of the court charges manifest itself from the multiplicity of rumours and stories circulating about me in Newcastle. They could not have done! There was NEVER any basis for such a charge during all my time on the Newcastle City Council or as Chairman of the Northern Economic Planning Council -----

Surely a writer with the talents and the eminence of John Ardagh owes it to his readers to at least raise the questions rather than perpetuate the myths of convenience? It is still a very good book, and I would like to meet with Mr. Ardagh because I feel it is of all-round concern and importance that we clear up any inaccuracies and misunderstandings in the interests of veracity."

Subsequently John Ardagh and I had an amicable meeting which led John Ardagh to

"It was very pleasant to chat to you here last week, and to find you in such good shape.

I am returning the documents you so kindly lent me. I have looked at them carefully and sympathetically, and I think I fully understand the points you are making.

Before the book is reprinted, let me be in touch with you again, and then we can see what is best to be done-----"

But ~~the~~ The moving finger had written!

Where does truth lie?

Does the handling of the Poulson Affair suggest that it might, indeed, have been a gigantic, successful cover-up, in which 'tiny people' were, regrettably perhaps, but necessarily sacrificed?

It is conceivable that the REAL powers-that-be were able to sink a whole series of other and more serious activities without trace - by high-lighting of some activities of Local Government, of Labour-controlled particular-----?

happen here!

The possibilities are intriguing but must remain speculative.

The more the enveloping black curtains can be drawn back, unsettled the audience becomes.

The certainty is that while the Poulson Affair was being promoted to the point where it became the prime focus of attention, year in year out, there were several other ~~... by a mention from the 'critics.'~~

THE CROWN AGENTS AFFAIR.

The Crown Agents act on behalf of overseas governments, public corporations and other organisations. They have, traditionally, performed such functions as middlemen and taking a commission for their work.

The Crown Agents also fulfilled the role of managers of the official reserves of overseas governments, acting as bankers and brokers.

In 1977, a report on the activities of the agency disclosed losses of £212 million pounds.

At the time of the disclosure the Daily Express explained that the Crown Agents had - "moved away from their traditional and conservative role and began speculation in fringe banking and property development."

Public indignation boiled over at the announcement.

Dennis Skinner, Labour M.P. for Bolsover described the affair as "one of the biggest establishment scandal of all times" and added that "the gang who ran thos outfit made the train robbers look like petty thieves."

Here again, as in the Poulson Affair the Press raised the call for open inquiry.

Describing the revelations as - "the biggest financial scandal to shake Whitehall since the groundnuts fiasco 30 years ago" the Express reported growing demands for the Government "to name the top civil servants who have allowed more than £200 million of taxpayers' money to be lost on fringe banking and property speculation."

The report forecasted the "prosecution and sackings of those responsible."

The Guardian, however, saw the Affair as having more serious implications than could easily be resolved.

"It has lessons not just about happless individuals (read 'tiny people') but about the structuring of Whitehall that need to be learned in public. They should be."

Concern was not confirmed to the incompetence - or worse - which had resulted in the losses. Not surprisingly, perhaps, to the Poulson Affair audience, the official handling of The Crown Agents Affair was repeatedly called into question. Accusations of 'secrecy' and 'cover-up' spilled out into the newspaper columns.

"A resounding defeat on the need to know" - was the verdict headlined by a Guardian leader.

Another Commentator complained that the Affair was not a particularly good example of the sort of open government we'd been promised.

"There has been too much secrecy already about the mess the Crown Agents made" - screamed the Voice of the People.

"More than £200 million of public money has been lost. Yet those responsible won't have to answer for their appalling idiocy in public!

The Government is setting up a mere PRIVATE inquiry into the Crown Agents Affair. It's sweeping a scandal under the carpet."

The Guardian asked plaintively -

"What is the point of a report which no one can read or of evidence which no one can hear?

Anyone who loses, mislays or cannot account for £212 millions which does not belong to him can expect at the very least a wiggling or the sack; or quite a long period in prison.

What remains amazing - and will probably still be amazing after the next report has been published - is the Crown Agents massive and wayward incompetence coupled with their ability to conceal its consequences."

A potted history of the Affair published in the People would seem to substantiate the cover-up theory. Here too, apparently, there had been a dossier of detailed and disturbing information.

"Back in 1970 the Bank of England warned the Treasury about the Agents' banking activities. But it was only last week that we heard about these warnings.

Back in 1972 there was a private inquiry into the Crown Agents. That inquiry's report was suppressed until last week.

After seven years we have been allowed to know how much has gone down the drain.

Now the curtain is to go down again."

A familiar story?

But in spite of the intense heat generated in the Press, the Crown Agents Affair - "one of the biggest establishment scandals of all time" - soon faded from the public consciousness.

The spread of time is specially worthy of note, 1970-1977 and meanwhile the 'tiny people' of the Poulson Affair were being relentlessly pursued.

THE LONRHO AFFAIR.

In 1976 a 660 page report was published following a Department of Trade Investigation into the affairs of Lonrho - originally The London and Rhodesia Mining and Land Company.

Here was, in the memorable phrase of Mr. Heath - 'the unacceptable face of capitalism.'

... Lonrho was a cover-up, really, for pills for a people's ...

... the rest of the rest of us.

The Lonrho Affair was to unveil, briefly, a catalogue of highly questionable activity, and its full quota of star names.

Among those severely criticised in the Department of Trade report were -

Mr. Angus Ogilvy, husband of Princess Alexandra, who had been a Lonrho Director.

Lord Duncan-Sandys, former Tory Minister, and chairman of Lonrho from 1973.

'Tiny' Rowland, 'the swashbuckling chief executive of Lonrho.'

It seemed that as far back as 1969, Mr. Ogilvy had had the benefit of top-level 'inside' advice to resign from the Lonrho board. He had not taken advantage of it.

The Daily Express reported the revelations under the banner headline 'OGILVY'S DOWNFALL' -

'The business career of Mr. Angus Ogilvy, husband of Princess Alexandra, was shattered last night as he resigned from the boardrooms of top City companies.'

He took the unprecedented step of putting his financial future in jeopardy after being severely criticised for the way he acted while a Director of Lonrho, the international trading and mining company.

The long-delayed Government report into the company----- reveals -

That 47-year-old Mr. Ogilvy was advised to resign from the Lonrho board in December 1969, by Sir Burke Trend, then secretary of the Cabinet, and Sir Denis Greenhill, then Permanent Under-Secretary at the Foreign Office. I was arrested a month later in January, 1970.

Because of Mr. Ogilvy's close connection with the Queen and the royal family the Government was worried about the taint of criticism following rumours of sanctions-busting in Rhodesia by Lonrho.

It was March 1973 before Mr. Ogilvy actually left the board of Lonrho just before the bitter feud which resulted in the Department of Trade inquiry being ordered by Mr. Heath.

In addition to the suspected sanctions-busting there had been allegations of tax avoidance, and of bribes being paid as part of the company's trading practice.

Department of Trade investigators had discovered that the sum of £836,499. had been spent on 'special payments' abroad.

The official report had stated that the Lonrho board had failed to 'discharge with care' its duty of ensuring that the company complied with legislation on sanctions.

Individual members of the board were severely taken to task.

Of one particular share deal, the report judged 'that Mr. Ogilvy was at fault in not disclosing it to the directors.'

Another share deal had involved Mr. Ogilvy's family trust through a Bahamas based company, as far back as 1968.

"In our view Mr. Ogilvy's conduct as a director is either supporting or recommending or acquiescing in these actions without disclosing the interest he was expecting to derive there from was improper and merits severe criticism."

The indictment was repeated. In the opinion of the inspectors, Ogilvy had been "negligent in fulfilling his duties as a director of Lonrho to an extent that merits severe criticism."

The Daily Express offered the view that -

"The damning criticism of the husband of the Queen's cousin had been one of the factors behind the delayed publication of the report. This and the allegation of sanction-breaking meant that the Queen had to seek top legal and constitutional advice."

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Criticism levelled at Lord Duncan Sandys had concluded that he had been 'less than frank' with his colleagues on the Lonrho board.

Less than frank?

Hadn't that been a line in the script of the Poulson drama? Almost exactly a year after Lord Duncan-Sandys had been described in an official report as 'less than frank' with his Lonrho colleagues, it was the turn of another former Tory Minister, Reginald Maudling to attract the same mild rebuke. He had been described as "lacking in frankness" with his colleagues in the House of Commons, in the report of the Parliamentary Select Committee on the Conduct of Members.

The reaction of 'Tiny' Rowland to the report's criticisms of sanction-busting by Lonrho, was to reveal that several other British companies were also breaking the law in this regard.

The Press was informed that he had written to the Inspector of Companies at the Department of Trade some two months earlier, advising them that prominent British firms were still breaking Rhodesian sanctions.

Supplies vital to the survival of the illegal Smith regime, such as oil, buses and vehicle construction kits, were being exported illegally. He also claimed that British banks had been working actively with Rhodesian reserve banks.

He claimed to have advised a Junior Minister, but that 'nothing had happened.'

The Attorney General announced that the Department of Trade report on Lonrho had been sent to the Department of Public Prosecutions.

In March 1978 it was announced that Lonrho had hired the services of ex-Detective Chief Superintendent Kenneth Etheridge as a security adviser. It was widely reported in the press that he had recently retired from the police after 31 years service.

The Guardian's report stated -

"He is best known for bringing the runaway M.P. John Stonehouse to justice, and for his leading role in the team which investigated the corrupt architect John Poulson."

Indeed he was the Detective Superintendent that had arrested me in 1973.

He was involved in *the* Bank of England and Treasury inquiry into illicit foreign currency dealings, and his last job was to help the Select Committee to investigate the links between M.P.'s. and Mr. Poulson.

Lonrho said that Mr. Etheridge would have a wide-ranging security job with the group. "He was a wealth of experience and he has been very highly commended." It pointed out that Mr. Etheridge had been involved in the police investigation which followed the Department of Trade report on Lonrho.'

On *Friday* May 13th, the papers were reporting that the latest in a series of spectacular take-overs by Lonrho was to be referred to the Monopolies and Mergers Commission.

But said the Guardian,-

'Lonrho chief Mr. 'Tiny' Rowlands yesterday angrily denied Rhodesian sanction busting after a visit by Scotland Yard detectives.

The Director of Public Prosecutions said last night that he 'felt that Lonrho possibly had documents or information which might tend to show possible evasion' of sanctions.

But Mr. Rowlands retorted that the visit by the police came as a surprise, because the recently retired Detective Chief Superintendent Kenneth Etheridge, second in command of the Yard's fraud squad, had completed a report and sent it to the Director of Public Prosecutions in July, 1977.

That report, said Mr. Rowland, made it clear there were no grounds for charges of any sort against Lonrho. *to check*

Ex. Detective Chief Superintendent Kenneth Etheridge retired a month after the report was submitted, and this year joined Lonrho as chief security adviser -----

Mr. Etheridge stressed that his police inquiry and his subsequent inquiries at Lonrho have not been concerned in any way with alleged sanction-busting.

'Mr. Rowland is well used to such controversy. It was an ugly boardroom row in 1973 ^{What} caused Mr. Edward Heath to utter his immortal phrase about 'the ^{UNPLEASANT AND} unacceptable face of capitalism.' But since then Mr. Rowland has striven to give Lonrho a more respectable look -----
Once again the spread of love is worthy of note, 1969 - 1978, and meanwhile the "the long people" in the Poulson affair were being relentlessly pursued.

THE SHELL AND B.P. AFFAIRS.

There were two *Shell and B.P. Affairs.*

Not one scandal each, but two separate scandals involving both companies!

The first of these 'little unpleasantnesses' was, unlike the Poulson Affair, allowed to die quietly and quickly.

This was a simple case of bribery and corruption. The scale was considerable and the sums involved were enormous.

The second involved more than mere money.

There had been persistent and flagrant contravention of U.K. sanctions law, and a United Nations resolution calling for sanctions against the illegal Smith regime in Rhodesia had been ignored.

One of the companies, British Petroleum, was, to all intents and purposes, government owned, which fact added a dark dimension to its adventures.

Scandal NO. 1.

Following Press and T.V. revelations in the Spring of 1976, the two companies owned up.

First the **Suspicion**,

'British Oil Giants in Bribe Probe' ran the *Sunday Express* headline on April 11th. *1976*

Three days later the Admission

"Oil Giants Admit Giving £3 million -----"

The small print under the headline told the story of two companies who, in the course of normal trading activity in Italy, had made contributions - £2,500,000 from Shell and £800,000 from B.P. - to the funds of Italian political parties.

The payments had been made, apparently, from 1969 until 1973 - a period unlikely to diminish in significance for all the Poulson People - pursuers and pursued.

Statements were issued by both companies.

The Shell statement said,-

"Such political contributions - which were also obtained from companies from other industries - were effected principally through a secretariat of one of the parties.

The contributions were invoiced to Shell Italiana as advertising and publicity services and were understood to be legal and not to have violated Italian tax laws."

The B.P. statement said,-

'From 1969 - 73, B.P. made payments into an account for the political parties of the coalition Government. B.P.'s, payments - which are the subject of investigation - totalled £800,000.'

The statement added reassuring riders,-

"These payments were properly authorised and recorded in B.P.'s, books."

"Contributions were made in only seven of the 70 countries in which B.P. operates, where it is legal for companies to make political contributions."

"B.P. has never given money for political purposes in the United Kingdom."

But neither statement felt able to offer any enlightenment as to reasons for the contributions - or whether they had gained any trading advantage as a result.

The Daily Express contributed grounds for conjecture -

"In Italy the parliamentary Chasotelli Commission is investigating the possible bribery of politicians who could manipulate the levels of taxation to allow companies to make greater profits."

If this had been the motive behind the £3 million contributions, something must have gone badly wrong.

It was reported that both companies had withdrawn from the Italian market in 1973 because of losses. Government-owned British Petroleum had registered 'losses of some £17 million over the previous five-year period.'

Time passed.

In 1977 it was reported that -

'A giant oil firm has admitted paying commissions totalling £283,000 to an agent in connection with a contract with a Middle East government.

However, the oil giant - it was British Petroleum again - makes it clear that the £283,000 payments were 'properly accounted for in the books.'

However properly accounted for the payments may have been, sadly it seems that once the grease did not work entirely satisfactorily.

An official company statement said, -

"Because of the questionable circumstances surrounding entry into contract with this agent, and the lack of services rendered by such agent, the B.P. subsidiary does not intend to make any commission payments to this agent in the future unless B.P. is advised that it is legally obliged to do so."

It was a relief to be reassured that there would be no unseemly witchhunts in the wake of these scandals.

Following the latest revelation a B.P. spokesman was reported as saying that no countries were being indentified, no companies named and no individuals identified "for reasons of commercial confidentiality."

Headline

Headline, one of the Justice Committee's

I was released from prison, I faced a battery of media men and permitted myself the baffled reflection that there had been, "no public indictment of these publicly-owned companies for corruption, or for dealing with companies that were corrupt."

Once again, the spread of time is worthy of note, 1969-1978 and the committees and other 'my people' involved in the Peabody Corruption Affair were setting their skeletons.