

A9(III)

***A SUBVERSIVE GUIDE TO THE***

**ECONOMIC**

**LEAGUE**

*one and sixpence*

***LABOUR RESEARCH DEPARTMENT***

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## THE LABOUR RESEARCH DEPARTMENT

exists to provide factual ammunition for the Trade Union Movement. It has been doing this for over 50 years and over 1,200 organisations are affiliated. If yours is not, write for details to: LRD, 78 Blackfriars Rd., London SE1.

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Published by LRD Publications Ltd., 78 Blackfriars Road, London SE1, 1/7/November 1969 and printed by Watford Printers Ltd., 58 Vicarage Road, Watford.

## The Economic League

The Economic League is an employers' organisation whose stated objects are "To promote and improve the knowledge and study of economics . . . from the standpoint (1) that the preservation of personal freedom and free enterprise is essential to national well-being. (2) While maintaining its complete independence of any political party the League must actively oppose all subversive forces—whatever their origin and inspiration—that seek to undermine the security of Britain in general and British industry in particular."

The League was founded in 1919 and rapidly embarked on what it called a "crusade for capitalism". It is still crusading for the same thing, though in rather smoother language.

As part of this crusade in 1968 it distributed 22 million leaflets, held 24,250 outdoor meetings and group talks, covered 6,270 press column inches, organised 6,340 courses for apprentices and 3,750 for supervisors, employed 39 speakers and training staff, 71 leaflet distributors, nine part-time lecturers.

## Who Found the Money?

All this and lot more cost about £266,000. Who financed it? The League does not disclose its sources of income but the LRD has collected information about 154 firms who gave the League £61,000 between them over a twelve-month period\*. Since they probably provide a reasonable sample of the League's support we classify the results below. The names of the companies concerned are set out at the end of this pamphlet.

The Economic League claims to be non-political. Not so its backers. More than half of the firms listed gave

Type of Firm	No.	Amount of Donation £
Banks, Discount Houses, Investment Trusts	11	6,417
Insurance	10	6,064
Property	2	775
Shipowners	10	2,906
Shipbuilders	5	2,010
Brewers	11	4,356
Building, Building Materials and Components	13	4,682
Chemicals	3	2,550
Paper and Print	4	1,730
Textiles and Carpets	8	2,330
Food, Catering, Tobacco	10	9,177
Clothing and Footwear	3	257
Vehicles and Components, Aircraft	8	3,920
Engineering, heavy	11	6,800
Engineering, other	36	8,237
Miscellaneous	10	1,478
	155	63,689

\* Companies' annual reports relating to years ending between March 1968 and March 1969.

money to the Tory Party as well as to the Economic League. For instance, Guest Keen and Nettlefold, which gave £3,780 to the Economic League, gave £33,431 to the Conservative Party. British Leyland, which gave £2,050 to the Economic League, gave £2,000 to the Midland Industrialists Advisory Council, an organisation of the Conservative Party. Tate and Lyle, which gave £1,575 to the Economic League, gave £7,788 to the Conservative Party. Reyrolle Parsons and Richard Costain gave, respectively, £4,000 and £1,000 to the Conservative Party.

Two of the insurance companies in our list of Economic League backers, Guardian Royal Exchange and General Accident, gave respectively £10,000 and £5,000 to the British United Industrialists, an organisation which gives money to anti-nationalisation bodies including the Conservative Party. Both these companies are renowned for their reluctance to recognise the trade union among their employees.

## Who Runs the Economic League?

The 40 men who lead the work of the Economic League, sit on its Council and direct its affairs are for the most part company directors or former company directors. They include 30 who hold between them well over 230 directorships, another five who were formerly company directors (two are over 90 and another is over 80), two who describe themselves as "industrialists". Their names and brief biographies are given at the end of this pamphlet.

They include several directors of the big banks—for instance, Lord **Runciman**, one of the League's Vice-

Presidents, is deputy chairman of Lloyds Bank ; Col. J. P. **Hunt**, League Council member, is on the Midland Bank; Mr. Morton D. **Oliphant** and Mr. Philip **Toosey** are both on Martins Bank; Mr. J. Murray **Prain** is on the Royal Bank of Scotland.

They include some big names associated with very big firms and combines—for instance, the chairman of the League, Mr. Eric **Turner**, is chairman of Birmingham Small Arms, and the League Council includes Mr. Raymond P. **Brookes**, chairman of Guest, Keen and Nettlefold, Sir Halford **Reddish** of Rugby Portland Cement, Sir Nicholas **Cayzer**, a leading shipowner, and Mr. Morton **Oliphant**, who is on Tate and Lyle. A new recruit to the League's board of directors in 1969 was Mr. David **Barran**, chairman of Shell Transport and Trading.

Some of the League council members have close Conservative political affiliations. The League's president, Viscount **Rochdale**, is a Conservative peer; one of its Vice-Presidents, the Earl of **Selborne**, was a former Conservative MP. Sir Harry **Brittain** (now 96 years old) and Mr. Charles **Peat** were also former Conservative MPs; Sir Halford **Reddish** is president of the Rugby Conservative Association; Lord **Grimthorpe** (president of the League's West Yorkshire area) is a Conservative peer.

Most of the Council members are affluent and some unusually affluent. But as is not uncommon, they seem to be full of complaints about the behaviour of the non-affluent, as well as cross with the world in general and the Government in particular.

For instance Sir Halford **Reddish** receives £52,000 a year as chairman of Rugby Portland Cement. In addition his personal holding of shares in Rugby Portland had a market value of over £250,000 in the autumn of 1969. His employees, on the other hand, get less than £26 a week on average.

But Sir Halford is filled with discontent. "Our industrial life, on which everything depends, is steadily sinking into something akin to anarchy" he told his shareholders at their last annual meeting on May 27th, 1969. "We in this country are passing through a period of moral disintegration, one reason for which is the lack of honest leadership."

Another League Council member, Mr. Raymond P. **Brookes**, received £35,000 in 1968 for being chairman of Guest, Keen and Nettlefold. His 73,000 employees averaged £21 a week and contributed another £9 a week on average to GKN's trading profit. But Mr. Brookes is not satisfied with this position; he thinks wage costs are too high and productivity too low. "The persisting low percentage of surplus to turnover is disturbing, reflecting as it does failure to balance ever-increasing wage costs with higher productivity and to contain other endemic widespread inflationary factors," he told the shareholders on May 13th, 1969. "It is imprudent for Government or others to persist in the fallacious belief that these adversities can be indefinitely offset by management ingenuity and sinew, technological innovation and capital expenditure. These resources are not inexhaustible."

Sir Nicholas **Cayzer**, another League Council member,

receives over £16,000 a year as chairman of British & Commonwealth Shipping Co. and another £1,400 a year as chairman of Caledonia Investments, quite apart from any emoluments he may receive as director of 57 other companies. But this is small beer. Sir Nicholas's personal shareholdings in British & Commonwealth Shipping and Caledonia Investments had in September 1969 a market value of £549,000. Moreover the personal shareholdings of five other directors belonging to the Cayzer family were worth £3.3 million. British and Commonwealth's group profit after tax almost doubled in 1968; Sir Nicholas was annoyed that the incomes policy stopped him raising the dividend. "It seems strange," he said in his 1969 Annual Review, "that this appears to be the only area where absolute restraint is practised." However, he demanded that the Government take action to stop unofficial strikes if the TUC failed to improve the position.

Sir Maynard **Jenour**, chairman of the Economic League's South Wales area, is paid £10,100 a year for being chairman of Aberthaw and Bristol Portland Cement Co. In addition his 102,000 ordinary shares in the company were in September 1969 worth over £80,000; another 186,520 (worth £150,000) were held in family trusts which he had established. Though profits rose in 1968 Sir Maynard complained that "profitability is affected by artificially low prices." (Chairman's Review, June 6th, 1969.)

The chairman of the Economic League Council is Mr. Eric **Turner** who receives £25,744 a year as chairman of Birmingham Small Arms Co. Mr. David **Barran**, who became an Economic League director in 1969, received

£72,818 in 1968 as chairman of Shell Transport and Trading, which makes him one of the highest-paid directors in the country.

### What the League Says to the Workers

The Economic League claims that its fortnightly leaflets are read regularly by hundreds of thousands of workers and their wives. Bland and persuasive in tone, these leaflets are designed to suggest that what is good for the shareholders is also good for the workers. For example in the 1969 series, leaflet No. 6 is intended to prove that redundancy is necessary to a "progressive economy". "To resist progress in a highly competitive world is to court disaster. An industry that employs more people than necessary to turn out its products is asking for trouble."

Leaflet No. 19, called 'Invisibles Jackpot', seeks to prove that the bankers and insurance companies and shipowners are our benefactors. "All of us benefit every day" from the operations of the City of London and the shipping industry in earning foreign currency. Leaflet No. 15, entitled 'Shocking', seeks to show that prices have risen because wages have outstripped production; leaflet No. 13 is a boost for "free enterprise" (in contrast to nationalisation); leaflets Nos. 9 and 18 argue against strikes; Nos. 3 and 9 are also about "subversion" (see later).

One of the most plausible-sounding is leaflet No. 2 which sets out to destroy the "myth" that "all the dividends distributed by companies end up in the pockets and wallets of a handful of people—the so-called privileged

few". And it tries to prove that because trade union funds and occupational pension funds are often invested in private industry about 22½ million people are "indirect investors" and says that therefore "one way or another we all benefit" from profits.

The LRD has never said that *all* dividends go to a privileged few (and we do not know who else has said it—this must be one of the Economic League's own myths). What we *have* said is that since 75 per cent of private property is owned by 5 per cent of the adult population\* the slice that is left must be pretty thinly spread among the remaining 95 per cent. And since 2 per cent of the adult population own three-quarters of all ordinary shares and therefore three-quarters of all dividends† the benefit derived by the remaining 98 per cent from the shares that are left must be rather marginal even if some of it finds its way into pension schemes.

Among the 2 per cent who own three-quarters of all the shares are people like Sir Nicholas Cayzer and Sir Halford Reddish of the Economic League. Indeed the Economic League Council not only includes some of the wealthiest men in the country, but it comprises to a large extent men who were *born* wealthy. This can be deduced from the schools they went to when young. Of the 24 members about whose education we have a record, 21 went to public boarding schools including 12 at Eton,

\* This was the estimate for 1960 made by Professor Meade in *Efficiency, Equality and Ownership of Property*.

† See LRD pamphlet *Inequality* for this estimate based on Inland Revenue death duty statistics.

Harrow or Winchester. Even the Economic League has not yet produced a leaflet suggesting that we can *all* send our sons to Eton.

### What the League Says to the Management

The League's public face appears in leaflets intended for workers. But the League also provides a rather different service for managerial staffs; this service is almost entirely concerned with "subversion".

When it talks about "subversives" and "extremists" the League is not referring to the rebellious Mr. Smith of Rhodesia or the Rev. Ian Paisley of Ulster, or even those employers in Britain who surreptitiously break the law by implementing a colour bar. By the words "subversives" and "extremists" the Economic League means Communists, Trotskyists, left-wing socialists, left-wing Labour MPs and any trade unionists who make themselves unpopular with employers. And of course the LRD.

According to the *Guardian* some of the League's 'counter-subversive' service is secret.

"It derives its income from industrial subscribers all over the country and provides in return a lecture service for apprentices and supervisors and a 'counter-subversive service' to employers. This is generally held by the trade unions (who on the whole mistrust the league) to consist of information about militant trade unionists.

"In a circular instruction to the field workers in its 10 regional offices the league says that when an approach is made to a potential industrial subscriber the firm should be told that much of the league's work is secret. . . . The

director must not be told straight away what the league does: this information is vouchsafed only at personal interviews. 'If the director asks for details of our work, he should be told that some of it is highly confidential and therefore cannot be put in writing' . . ." (*Guardian*, January 30th, 1964).

And according to the *Observer* (19.10.69):

"One very large company which makes a four-figure donation says flatly that the League 'does a hell of a lot of security vetting for us on political grounds'."

Apart from this 'confidential' service, the Economic League issues a *Two-Minute News Review* intended for management. This sheet, which comes out almost once a week, consists to a great extent of digests of industrial news which has already appeared in the *Morning Star*, the *Newsletter*, *Voice of the Unions*, *Keep Left* and the rest. Since most of what it contains can easily be read in the journals concerned, we must presume that the object of *Two-Minute News* is to save managerial staffs from the grave misunderstandings which might arise if they were to be seen reading the *Morning Star*, the *Newsletter*, *Voice of the Unions*, etc., instead of the *Daily Telegraph*.

During 1968 the League issued a 70-page booklet entitled *The Agitators, Extremist Activities in British Industry* which, according to the League's Annual Review was "designed to provide management at all levels with information about the organisation, direction and methods of subversive groups operating in industry". Among the "subversive organisations" described is the Labour Re-

search Department to which two or three not particularly accurate pages are devoted. The curious thing about this booklet is its wide coverage. For it deals not only, as might be expected, with the activities of Mr. Jack Dash and Mr. Lou Lewis, but also with those of the President of the AEF, Mr. Hugh Scanlon, and the Vice-President of the T&GWU, Mr. Bill Jones, both members of the TUC General Council. And it solemnly sets out the entire list of sponsors of *Voice of the Unions* which includes among other people 13 Labour MPs. Whether all these people are to be classed as "extremists" or the dupes of "extremists" is not made altogether clear.

The booklet ends up with a clear hint as to what the League is really after. "One fact that needs to be grasped immediately is that subversive operations as practised in industry and the unions are within the law as it stands at present," it says on page 58. "Whether the legal framework, within which our industrial relations are conducted, could be strengthened in such a way as to make it more difficult for subversives to operate remains to be seen."

It is from this point of view that we may judge the League's claim that it fights for personal freedom.

### Where Has It Got Them?

For 50 years the Economic League has been combating subversion but it has never seemed to have any success. Occasionally this lack of success drives it into a perfect frenzy of frustration. Take this outburst in the *Two-Minute News Review* of October 30th, 1967:

"Banging one's head against a brick wall is a frustrating and painful exercise. It is said to be nice when it stops, but those of us concerned with combating subversion in industry can never stop. It is a never-ending task. Yet the frustrations are immense particularly when we are confronted with an apparently impenetrable barrier of apathy amounting sometimes to sheer disbelief. For instance one of Britain's most respected union leaders has said not once but several times that 'communism in the unions was something he was prepared to spend a lot of time not bothering about'."

(The "respected union leader" who made this remark was, of course, Mr. George Woodcock, until recently General Secretary of the TUC.)

The real reason why the Economic League cuts so little ice is that the picture of the industrial world which it seeks to present is wide of the mark. The League tries to pretend that there is no basic conflict of interest in industry and that therefore "unrest" is the product of subversive plotters who somehow manage to lead others astray. This picture is false in every particular. There *is* a basic conflict of interest in industry and this is recognised by almost everyone except the Economic League\*. The tactics of the trade union movement in relation to this conflict are the subject of continuous and serious debate. The active trade unionist who listens to and participates in this debate either at branch level, annual conference or the TUC itself is quite capable of deciding where he stands without help

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\* For instance the Government's own White Paper *In Place of Strife* opened with the words: "There are necessarily conflicts of interest in industry."

from the Economic League. As for the card holder—the trade unionist who plays no part in these discussions except perhaps in moments of crisis—he nevertheless knows perfectly well who are the people on his own shop floor that he can trust, who among them he would choose as steward to represent his interests. He would be a mindless dupe indeed if he allowed the Economic League to make this choice for him.

But he doesn't. Indeed, if we may paraphrase the words of Mr. George Woodcock: The Economic League is something that most workers are prepared to spend an awful lot of time not bothering about.



#### APPENDIX I

#### THE MEN WHO RUN THE ECONOMIC LEAGUE

*President:* Viscount **Rochdale**, Conservative peer, chairman of Kelsall and Kemp, director of Williams Deacons Bank.

*Vice-Presidents:* Earl of **Selborne**, 82 years old, Conservative peer and former Conservative MP. Member of the Right-wing Monday Club. Former sponsor of Martell's anti-trade union Freedom Group. Former director of National Provincial Bank.

**Clive Cookson**, 90 years old, former chairman of Consett Iron.

Viscount **Runciman** of Doxford, 'National Liberal' peer, shipowner, chairman of Walter Runciman & Co. and its shipping subsidiaries, deputy chairman of Lloyds Bank.

*Chairman:* Mr. Eric **Turner**, chairman of Birmingham Small Arms, director of Alfred Herbert and 19 other companies.

*Council:* Sir Harry **Brittain**, 96 years old, former Tory MP; Mr. Raymond P. **Brookes**, chairman of Guest, Keen and Nettlefold; Sir Nicholas **Cayzer**, chairman of British & Commonwealth Shipping Co. and director of 59 other companies; Lieut.-Gen. Sir John **Evetts**, former chairman of Rotol; Mr. James D. **Fraser**, director of A. R. Stenhouse and Partners, part of the big Scottish insurance group, Stenhouse Holdings, which in 1968 gave £26,000 to the Tories; Mr. Daniel **Gardner**, retired; Sir Kenneth **Hague**, former chairman of Babcock and Wilcox and on six other companies; Mr. Robert **Henderson-Tate**, "industrialist"; Col. Robert Rawdon **Hoare**; Col John P. **Hunt**, on the Midland Bank, Philblack, Newton Chambers and four other companies; W. George **Ibberson**, "industrialist"; Mr. Michael C. **Lloyd**, managing director of F. H. Lloyd and on seven subsidiaries; Mr. Alastair P. **Low**, on Lead

Industries and three subsidiaries; Sir Michael **Malcolm**, former coalowner; Mr. Hay I. **Matthey**, managing director of Morgan Crucible and on Johnson Matthey; Mr. Anthony E. **Minns**, former shipowner, now retired; Mr. Anthony M. **Mould**, director of Liverpool Letterpress and two others; Sir R. Alistair **Murray**, chairman of London & Montrose Investment Trust and on 12 others; Mr. Morton D. **Oliphant**, director of Tate and Lyle, Cammell Laird, Martins Bank, Brown Brothers, etc.; Mr. John J. **Parkes**, chairman of Alvis and on four others; Mr. Charles U. **Peat**, former Tory MP, now chairman of Cleveland Trust and on North Eastern Improved Dwellings Co.; Lieut.-Col. H. H. **Peile**, chairman of Washington Engineering and on three others; Mr. J. Murray **Prain**, on six companies including Royal Bank of Scotland, Alliance Trust, etc.; Mr. Cyril G. F. **Pritchett**, director of Chloride Electrical Storage Co. and four others; Sir Halford **Reddish**, President of Rugby Conservative Association, chairman of Rugby Portland Cement, and on 11 other companies including Hawker Siddeley, Alfred Herbert, Granada Group; Mr. James F. **Simpson**, on Scholfields Holdings and three others; Sir Eustice **Smith**, chairman of Smith's Dock and on nine others including Swan Hunter, Shipping Industrial Holdings, etc.; Mr. J. Alan **Thompson**, director of Woolcombers (Holdings) and on 13 others; Mr. Philip J. D. **Toosey**, on Cammell Laird, Martins Bank, Ocean Steam Ship Co. and five others; Mr. Murray **Vines**, director of Evershed and Vignoles; Mr. Raymond H. **Wilkins**, chairman of Francis B. Wilmott and on three others.

*Chairman of South Wales Area:* Sir Maynard **Jenour**, chairman of Aberthaw and Bristol Channel Portland Cement and on seven others.

*President of West Yorkshire Area:* Lord **Grimthorpe**, Conservative peer.

*New director of the Economic League in 1969:* Mr. David H. **Barran**, chairman of Shell Transport and Trading.

#### APPENDIX II

#### FIRMS WHICH GAVE MONEY TO THE ECONOMIC LEAGUE, 1968/9

*Banks, Discount Houses, Investment Trusts:* Barclays Bank (£4,750), Kleinwort Benson and Lonsdale (£500), Hambros Bank (£250), Guinness Mahon (£150), Arbuthnot Latham, Gerrard and Reid, Alexander's Discount Co., Lazard Bros., Union Commercial Investment Co. Industrial & General Trust, and United Dominions Trust gave £767 between them.

*Insurance Companies:* C. T. Bowring (£100), Commercial Union (£1,000), Eagle Star (£500), General Accident Fire (£500), Guardian Royal Exchange (£656), Legal & General (£1,000), Norwich Union (£190), Phoenix Assurance (£200), Royal Insurance (£700), Sun Alliance & London (£1,218).

*Property:* Capital & Counties Property Co. (£525), Slough Estates (£250).

*Shipowners:* British & Commonwealth Shipping (£750), Cawoods Holdings (£280), Coast Lines (£160), Currie Line (£26), Dene Shipping Co. (£100), Furness Withy (£510), Lyle Shipping (£10), P & O (£340), Shipping Industrial Holdings (£250), Williams Hudson (£500).

*Shipbuilders:* John Brown & Co. (£60), Cammell Laird (£250), Doxford & Sunderland Shipbuilding (£100), Swan Hunter (£600), Vickers (£1,000).

*Brewers:* Allied Breweries (£850), Courage Barclay & Simonds (£788), Greene King & Son (£50), Guinness (£200), Hardy's Kimberley Brewery (£60), John Joule (£105), Scottish Newcastle (£381), Tennant Bros. (£100), Tollemache & Cobbold (£10), Watney Mann (£100), Whitbread (£1,712).

*Textiles and Carpets:* William Baird (£120), Calico Printers Assoc. (£200), Courtaulds (£956), Kelsall & Kemp (£100), Lindustries (£500), John Crossley Carpet (£213), Homfray (£116), Readicut International (£125).

*Food, Tobacco, Catering:* Associated Biscuits (£208), British American Tobacco (£700), Bovril (£500), Brooke Bonds Liebig (£500), Gallaher (£618), Imperial Tobacco (£1,250), J. Lyons (£26), Ranks Hovis McDougall (£3,500), Tate & Lyle (£1,575), Trust Houses (£100).

*Clothing and Footwear:* N. Corah (£150), Norvic (£105), John White Footwear (£52).

*Building, Civil Engineering, Building Materials and Components:* Richard Costain (£400), Concrete (£210), Holst (£157), International Compressed Air (£255), Lead Industries (£300), Norris Warming (£100), A. Monk & Co. (£25), Norwest Construction (£75), Peglers (Holdings) (£250), Ready Mixed Concrete (£150), Taylor Woodrow (£1,000), Thomas Tilling (£805), Turner and Newall (£1,000).

*Chemicals:* Albright & Wilson (£50), Boots Pure Drug (£1,000), Imperial Chemical Industries (£1,500).

*Paper and Print:* De La Rue (£400), Peter Dixon (£80), Lamson Industries (£500), Wiggins Teape (£750).

*Vehicles, Aircraft and Components:* Automotive Products (£500), Ambrose Shardlow (£150), British Leyland (£2,050), Clayton Dewandre (£300), Dowty Group (£500), Duple Motor Bodies (£120), Westland Aircraft (£400), Wilmot Breedon (£100).

*Heavy Engineering:* Edgar Allen (£50), Babcock & Wilcox (£500), Brightside Engineering (£100), Clarke Chapman (£300), Davy-Ashmore (£20), Guest, Keen & Nettlefold (£3,780), Ideal Standard (£150), Neepsend Steel & Tool (£200), Tube Investments (£850), Weir Group (£100).

*Other Engineering:* Anderson Mavor (£75), Baker Perkins (£220), BHD Engineers (£300), Birmid Qualcast (£450), British Insulated Calender's Cables (£392), British Ropes (£500), British United Shoe Machinery (£200), J. Brockhouse (£150), George Cohen 600 Group (£420), Edbro (£100), Ferranti (£300), Fluvent Electric (£30), Franco Signs (£105), Gaskell & Chambers (£100), C. & J. Hampton (£10), Holman Bros. (£100), International Harvester Co. (£200), Kearney & Tecker CVA (£150), McKechnie Bros. (£150), M.K. Electric Holdings (£99), Newman Hender (£80), Newton Chambers (£175), Pegler-Hattersley (£275), Powell Duffryn (£300), F. Pratt Engineering (£75), Reyrolle Parsons (£821), Thomas Robinson (£68), Sanderson Kayser (£75), Saunders Valve (£100), Sheffield Twist Drill & Steel (£200), Stone-Platt Industries (£715), Wadkin (£109), Walmsley (Bury) (£125), W. Williams (£68), Jonas Woodhead (£100).

*Miscellaneous:* Associated British Picture Corp. (£250), Amalgamated Anthracite (£107), British Match Corp. (£105), British Vita Co. (£250), Lines Bros. (£100), London Tin Corp. (£52), Maple (£52), Rockware Group (£200), Senior Economisers (£157), Transport Development Group (£205).