

Three Political Libel Cases

Draft Introduction to Brian Crozier's Book "On Three Political Libel Cases"

Brian Crozier describes three political libel actions. Directly or indirectly, I was involved in each.

The genesis of my interest was personal, not political. Until I was forty, my principal preoccupation was business as I was intent on restoring the family fortune which, over the years, had dwindled to almost nothing. I had no time to be other than a spectator of the political scene.

As my business grew into one of Europe's larger companies, I was invited occasionally to express my views on economic issues or on matters of concern to the food industry. This resulted in contacts with the Conservative party, for whom I did some work during the October 1974 election. In many respects, my views were those which have since become known as "Thatcherite." At that time, they were not yet popular.

But it was not until 1975 that I found myself at the center of a political storm which changed my life - as it turned out, for the better.

In October 1975, Jim Slater asked me to succeed him as Chairman of Slater Walker Securities. Never, in my recollection, had anyone person or company so dominated the City of London as had Slater Walker in the early 1970's. Scarcely a major corporate transaction was completed without Slater being involved one way or another.

Jim Slater was masterful communicator. He had captured the public imagination and was the darling of the press. Peter Walker, the co-founder, had retired from business to become a senior minister in the Heath government. In 1974, Slater slipped. He realized quickly that his magic was fading. So he negotiated, in rapid succession, a merger between Slater Walker and three establishment merchant banks: Warburg's, Lazard's and Hill Samuel. For reasons unconnected with Brian Crozier's story, each merger failed to be completed.

When economic collapse hit Britain in 1974, Slater was in a weakened position. He understood that any negative news could destabilize his company, cause a run on his bank and bring down his entire group.

In the event, the negative news emerged from Singapore. Lee Kwan Yu, with his habitual zeal, decided to reek vengeance on Slater Walker because it had sold, at a high price, a City office building to the Singapore Monetary Authority just prior to the crash in property values.

This had caused loss of face and funds to the Singapore government. The British financial press, which in the new atmosphere of the bear market had already turned against their erstwhile hero, stampeded. Slater felt that to save his company, he had to step down and let someone else work out the problems. He invited me to be that person.

Jim Slater had become a personal friend. I had done business with him and owned a stake in his company which I wanted to protect. Also, I thought that it might be possible to restructure Slater Walker, sell off the unrelated assets and concentrate on the substantial fund management business which would fit neatly into my own banking interests.

The Governor of the Bank of England asked me to assess the state of the company and I sent in a team to do so. Very quickly, it became evident that major support would be required for the Slater Walker banking subsidiary and that in the crisis atmosphere then rampant in Britain, the Slater Walker group, as a whole, would fail in the absence of a major City initiative.

I reported to the Governor that I could only assume responsibility for Slater Walker if the Bank of England extended substantial financial assistance and if, in addition, to show broad City support, I were accompanied by a team of leading city bankers and professionals.

That is how, in October 1985, I became Chairman of Slater Walker Securities accompanied, inter alia, by Lord Rothschild, Chairman of N.M. Rothschild; Charles Hambro, Chairman of the Hambros banking group; Dominique Leca, Chairman of France's largest insurance group, Union d' Assurances de Paris; and Sir Ronald Leach, Chairman of the Accounting Standards Committee who agreed to act as special adviser to the Board.

The resignation of Jim Slater was a major national event. I hoped that, in due course, the overwhelming publicity would blow over and that we would be able to go about our business in a reasonably normal fashion. That was not to be.

It was at this time that I first met Prime Minister Harold Wilson. Politically, I had never been a supporter of his as I have always been a conservative. But, personally, I found him to be a kind, loyal and pleasant man. He was the first to warn me that the task I had undertaken was not just business. It would, he said, assume a political dimension. Harold Wilson explained that he was a social democrat rather than a marxist in that he believed in the mixed economy with a vigorous private sector. But, he continued, the hard left was agitating for a complete State takeover of the credit institutions of the City. Slater Walker would be the high profile, cause celebre, which could offer them the opportunity to discredit the City and free enterprise in general.

As I was to be the Chairman, and the only new director not part of the Establishment, I would be considered the weak link and everything would be done to discredit me personally. If they could destroy my reputation, then the salvage operation could fail and the Slater Walker group would go down. As it owned not only a bank, but an insurance company and a major unit trust business, it would affect tens of thousands of people throughout the country. This would have severe ripple effects at a time of economic crisis. Whatever the wisdom of his analysis, my family and I did become the target of an extraordinary and intense campaign of vilification. This resulted in numerous libel actions culminating in the following statement in the High Court in London on 11th July 1983.

**«In the high court
of justice Queen's bench division»**

11 July 1983

Counsel for the Plaintiff: Lord Rawlinson Q.C.

On May 27, 1977, the Defendants, the Editor and publishers of Private Eye, unreservedly apologised to Sir James Goldsmith for a particularly serious libel. They admitted in open court that their allegations against Sir James Goldsmith did not contain even "a shred of truth." Furthermore, Counsel for Private Eye said "it has never been the intention of Private Eye to pursue any personal or public vendetta against Sir James Goldsmith and he has their sincere assurance that they will not do so in future issues of Private Eye"...

In the event, and contrary to their « sincere assurance », Private Eye has pursued relentlessly and continuously an intense campaign of personal abuse against Sir James and his family...

They are represented today by Counsel to acknowledge that this was another grave and wholly untrue libel against Sir James and to repeat their apologies in public...

Counsel for the Defendants: Mr. John Wilmers Q.C.

On behalf of the Defendants, I accept everything my learned friend has said, and apologize to the Plaintiff.

This leads me to the first of Brian Crozier's three stories: that concerning Franz Joseph Strauss. The campaign against Strauss is described in this book, so I will not go over the same ground. My sympathy for Strauss was triggered by the amazing similarity between the methods used against him and those that I had had to face.

Stories were invented by the press to discredit him, repeated in a seemingly uncoordinated way and thereby became the conventional wisdom among the conventional trendies. He was smeared by association and innuendo. The Communist press in Eastern Europe participated, actively. He sued for libel over and over again. He won on all substantial points. His vindication went almost unreported as the attacks were renewed and he was accused of overreacting.

My own experience can best be summed up by the case that I made to the Press Council and which was subsequently proven in Court. It is reproduced in full in Appendix 1, see Counter Culture, Volume 1, pages 171-179, published privately, London 1986. I recommend it to those interested in the mechanisms of smear campaigns. It should be remembered that not all journalists who are drawn into such campaigns are part of an organised conspiracy. As Lenin said, there are agents of influence and there are "useful idiots." The latter do not understand that they are being used by the former. They just think that they are being fashionable.

As with Strauss, the Soviet press participated actively in the campaign, more particularly, the Moscow Literary Gazette. That is why I was all too pleased to defend the libel action brought and, subsequently, withdrawn by Der Spiegel. I was not surprised by the dishonest reporting that followed the case and which forced me to take further and successful legal action in the German Courts.

The Anastasi case was important because it demonstrated direct KGB contacts with a major popular Western newspaper. By the time that Paul Anastasi visited me, I had become somewhat of an expert. I had interviewed personally most of the major Soviet bloc defectors who had been connected with disinformation. Men like Stan Levchenko, Joe Frolik, Jan Sejna, Djerklikhov, among many others, had explained to me in detail the workings of the KGB disinformation machine. I was appalled by the blend of hypocrisy, perfidy, sanctimony and cowardice of those who knew better but pretended otherwise. Those who looked the other way. They shunned men like Paul Anastasi who were waging lonely battles on behalf of us all. So I supported Anastasi directly and indirectly. Through the French newsweekly L'Express which I then controlled, we exposed the facts and, of course, were sued for libel.

The last of Brian Crozier's stories concerns the case brought against The Spectator and him by the Institute for Policy Studies in Washington. By this time, my interest had evolved yet further.

I had arranged for a fund to be established which would support individuals against institutions. The fund was not political. Most of the cases it supports are personal and, in the broad view of the world, could be considered trivial.

The reason the fund was created was that I had come to understand that defending one's reputation, particularly in Britain, is a rich man's privilege. My feelings about libel are described in the following letter published in The Times on December 1st, 1982.

« Sir,

In your recent leader (November 25), on the Law Commission's consultative document on criminal libel you argue that civil action for libel is sufficient remedy. This is not so.

Please consider the respective positions of a publication which has seriously defamed an individual and the person concerned. He or she is subjected to much hardship. The costs are very great, sometimes approaching £ 100,000. If the victim wins and the publication has to pay costs, then the official procedure for estimating these costs often results in reimbursement of only about half of the true costs.

What is more, the person bringing the action is subjected to considerable discomfort. In court, the defamer can attempt to justify his libel by every trick of the trade. With the protection of privilege, every allegation, true or false, can be given wide publicity. When the jury reaches its verdict there will be some relief. But the impression created will linger on with the usual suspicion of no smoke without fire.

The position of the publication is quite different. Damages of over £50,000 are considered major by both juries and judges. But for a commercial enterprise, such damages and costs are insignificant. On the contrary, the publicity enjoyed during the trial can be enormously beneficial. In commercial terms, it can be worth many millions of pounds. Private Eye's management still boasts that their enterprise was established by Randolph Churchill's successful civil action against them. It was altogether different when Winston Churchill brought proceedings for criminal libel against his vilifier.

So a person defamed has the choice of quietly submitting to his defamers or entering into a process which can vastly benefit his detractors as well as involve him in great costs and personal embarrassment.

To be effective, damages for a serious libel should not be judged in terms of a large amount for an individual but in terms of a large amount, after tax relief, for a commercial enterprise.

If not, criminal libel is the only alternative. It should be a crime to publish an untrue defamatory statement likely to cause the victim significant harm, provided that the maker of the statement both intended to defame and did not take reasonable precautions to ensure that the statement was true. I agree with you that it is too difficult to prove whether, at the time of writing, the defamer knew his statement to be true or false.

Of course, some in the media will howl "freedom of speech". In truth, they are trying to protect the relative freedom to lie.

Finally, you seem to consider damage to person and property as being dimensionally greater than damage to reputation. I do not agree.

Yours faithfully,

James Goldsmith.

November 29, 1982.»

So the special fund was set up to help individuals - whether members of the public or the press. Journalists can be in trouble if the publication for which they wrote abandons them

and runs for cover. Then, they can be left alone to face the resources of well endowed organisations and under such circumstances are forced to capitulate. That is what almost happened to Brian Crozier when *The Spectator* turned heel and left him stranded. And that is why I helped.

I have now retired from this arena and returned to the privacy that I would have enjoyed, had I not been provoked by such a nauseous campaign. I have neither desire nor intention to return from my retirement. Only another major personal provocation would force me back.