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A Dastardly Campaign

The conspiracy to bring about The Guardian's ownership of the Sunday newspaper, The Observer, through a smear campaign directed against its proprietor, editor and staff

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Foreword

Within months of beginning research in May 1997 into *The Guardian's* 'cash for questions' campaign, freelance journalists Jonathan Boyd Hunt & Malcolm Keith-Hill identified evidence that *The Guardian's* staff had forged documents and lied in its reporting and signed witness statements to shore up its defence to libel actions brought against the paper by Conservative MP Neil Hamilton and the lobbyist Ian Greer.

Over the following months Hunt & Keith-Hill identified several of those involved in *The Guardian's* conspiracy, one of whom was *The Guardian's* comment editor David Leigh, and a Labour Member of Parliament named Dale Campbell-Savours.

Further research by the two freelances unearthed evidence of another campaign involving Leigh and Campbell-Savours which had also gone undetected: a campaign to undermine Lonrho's ownership of *The Observer* newspaper by smearing its proprietor and journalists.

Their objective was to create the prevailing view in the media, and through the media British society, that Lonrho's chief executive Roland 'Tiny' Rowland was an 'interfering proprietor' who dictated stories to his staff to further Lonrho's business interests, and therefore a person who was clearly unfit to run a newspaper. For the plan to work Leigh and Campbell-Savours also needed to characterise *The Observer's* editor and staff as "Rowland's lapdogs" who willingly wrote up stories that their proprietor wanted publishing.

Neither Campbell-Savours nor Leigh were troubled by the fact that their actions would result in decent journalists having their reputations tarnished: the evidence shows that they colluded and undertook separate but complementary activities in Parliament and in the media alleging that *The Observer's* journalists wrote up articles, even false articles, at Rowland's behest. The British media's favourite newspaper, *The Guardian*, then gave these allegations a full airing, which other journalists then repeated, until the charge: "Rowland dictates stories to his poodles" became etched into the annals of history as fact.

It is inconceivable that this plan did not have the collusion of *The Guardian's* editor Peter Preston and *The Guardian's* chairman Hugo Young, and far more likely that Preston had actually instigated it himself with Young's blessing.

Preston and Young certainly had the motivation. He and *The Guardian's* board, the Scott Trust, chaired by Young, had for years tried to buy the *Sunday Observer* to put *The Guardian* on an equal footing with Britain's other broadsheets. However, Tiny Rowland had refused all of Preston's offers to buy the paper. The thinking behind the scheme that Preston, Leigh, and Campbell-Savours hatched was that the Lonrho board would end up believing the "interfering proprietor" charge and become so weary of the bad publicity that they would eventually sell *The Observer* over Rowland's head, whereupon *The Guardian* would pounce and acquire it for itself.

Which, as it happens, is what eventually took place a few years later on 1 June 1993.

As a consequence of this campaign, the standing of *The Observer's* editor, Donald Treford; the paper's political editor, Adam Raphael; and its City editor, Melvyn Marckus; were ruined. Moreover, the painstaking research undertaken by Marckus and his two financial journalists Lorana Sullivan and Michael Gillard, plus freelance Peter Wickman, which had exposed one of the political scandals of the age worthy of the highest press awards, were also damaged beyond recovery.

This document proves that the charges against Tiny Rowland and *The Observer's* journalists under his proprietorship are entirely without foundation.

Chapter One

Background: March 1985 — June 1987

Dale Campbell-Savours' & David Leigh's attacks on The Observer began on 23 March 1989. However, as will become clear later, to determine whether their allegations of editorial interference have any validity one has to examine events that began four years earlier in March 1985, when Mohamed Al Fayed and his brothers made their full bid for the Harrods store chain House of Fraser.

1984

15 February 1984: Three MPs who sat on the Conservative back-bench trade & industry Committee — namely its chairman Michael Grylls, its secretary Tim Smith, and its vice-chairman Neil Hamilton — take an interest in a battle for the ownership of Harrods department store being waged by controversial tycoon Tiny Rowland of Lonrho plc.

The Conservative backbench trade & industry committee is not an official parliamentary committee, but rather a Conservative Party committee made up of backbench Conservative MPs, whose purpose is to act as the conduit through which backbench opinion on trade & industry matters is communicated to the Secretary of State for Trade & Industry and his junior ministers.

The three Conservative MPs had been invited to lunch by Professor Roland Smith, chairman of House of Fraser, parent of Harrods. Professor Smith had invited the MPs to give them a briefing on how the controversial tycoon, Tiny Rowland, Chief Executive of mining-to-retailing conglomerate Lonrho plc, was making hostile manoeuvres to buy the company. Professor Smith and the majority of the Fraser board were against Lonrho owning Harrods — as was the Conservative government, which had forced Lonrho to give undertakings not to mount a bid for the company until cleared by the government to do so.

1985

ON SUNDAY 3 MARCH 1985 the House of Fraser board recommended acceptance of a £615 million bid for the company from Mohamed Al Fayed and his two brothers.

The special board meeting took place at a suite in the Grosvenor House Hotel, London. The Fayed brothers' bid had the full backing of House of Fraser's chairman, professor Roland Smith. It was based on an offer document prepared by the Fayed's merchant bankers, Kleinwort Benson, which stated that the Fayed's wealth had been generated over generations through cotton and shipping interests.

Lonrho, which had itself aspired to owning House of Fraser, had been prevented from making a bid of its own as a consequence of undertakings that the company had been forced to give the Office of Fair Trading.

ON 7 MARCH 1985 London's *Evening Standard* published a story airing Tiny Rowland's claims that Mohamed Al Fayed's bid was being financed by the Sultan of Brunei.

The story, entitled '*Tiny points to Sultan as bidder*', reported that Lonrho's chief executive Tiny Rowland claimed to possess copies of documents proving that Fayed had acquired the Sultan of Brunei's powers of attorney, such as one which had empowered Fayed to purchase the Dorchester Hotel on the Sultan's behalf a few months earlier.

ON 8 MARCH 1985 the *London Evening Standard*'s stablemate, *The Daily Mail*, published a prominent full-page article endorsing Mohammed Al Fayed's claimed wealth.

The article, by Brian Vine, entitled: '*The Pharaoh who's poised to rule Harrods*', reported as fact the false statements of the Fayed's wealth and background contained in the offer document for House of Fraser prepared by the Fayed's merchant bankers, Kleinwort Benson, and other false statements culled from press handouts concocted by Fayed's PR guru, Brian Basham, of PR company Broad Street Associates.

The high profile that the *Mail* gave the article had the effect of neutralising Tiny Rowland's allegations, as aired in the *Mail*'s sister paper the *Evening Standard*, the day before.

ON 10 MARCH 1985 *The Sunday Times* published a prominent article endorsing the Fayed brothers' claimed wealth.

The article, by City Editor Ivan Fallon, entitled: '*Selling the national jewels*', followed the line in the *Mail* article with a few embellishments. The most notorious of these concerned the claim that the Fayed's grandfather had grown cotton along the Nile delta which was then shipped in his own freighters to England, to which Fallon had added a rider that this cotton had then been spun in Lancashire and had ended up as bed linen sold in Harrods. Another new claim was that Fayed's son, Dodi, 'had been to Sandhurst'.

Vine referred to Tiny Rowland's claim that Fayed was using the Sultan's cash and belittled it by referring to the list of assets that the Fayed brothers supposedly owned around the world.

ON 10 MARCH 1985 *The Observer* published an article airing Tiny Rowland's claims that Mohamed Al Fayed was using the Sultan of Brunei's cash to buy Harrods.

Penned by City Editor Melvyn Marckus and entitled '*This bloody Harrods battle*', Marckus warned that the Fayed's bid for House of Fraser remained unchallenged whilst Lonrho remained bound by undertakings not to bid for the stores group. Marckus aired the opinions of Egyptian diplomat Dr Ashraf Marwan and Fayed's former brother-in-law, Adnan Khashoggi, that Fayed's wealth could not possibly exceed \$100 million — i.e. one tenth of the bid. Fayed immediately issued a libel writ against *The Observer*.

ON 11 MARCH 1985 Mohamed Al Fayed won control of House of Fraser.

The deal was given the immediate blessing of Margaret Thatcher and her Secretary of State for Trade & Industry, Norman Tebbit, who accepted the Fayed's bankers' & solicitors' endorsements of their claims that they had acquired their wealth from cotton and shipping interests going back generations.

ON 14 MARCH 1985 Trade Secretary Norman Tebbit announced that he would not refer the Fayed's bid to the Monopolies & Mergers Commission or the Office of Fair Trading.

The deal went through immediately. Later that same day, though the gesture was now worthless, Tebbit finally removed from Lonrho its undertakings which had prevented it from bidding for the stores group.

Later that evening, Mohamed Al Fayed attended a banquet at No. 10 Downing Street in the honour of President Mubarak of Egypt. Fayed sat next to Thatcher's daughter, Carol, during the meal. The invitation had been arranged by Margaret Thatcher's personal adviser, Sir Gordon Reece, who, incidentally, also had a luxury suite in Fayed's (heavily bugged) apartment block in Park Lane.

ON 17 MARCH 1985 *The Observer* ran another major article by City Editor Melvyn Marckus.

The article raised questions concerning: a) Mohamed's past employment by his then brother-in-law, Saudi arms dealer Adnan Khashoggi; b) Mohamed's former dealings in Dubai on behalf of the UAE's former Ambassador to Washington, Mahdi Al Tajir; c) Fayed's claimed shipping interests; d) Fayed's mysterious financial dealings in Haiti; and so on. Within the article, entitled, '*Harrods and the Sphinx*', Marckus opined:

We concluded that the House of Fraser bid by the Fayed's should have been referred to the Monopolies and Mergers Commission or investigated by the Department of Trade Inspectors.

Mohamed Fayed responded by issuing another libel writ against *The Observer*.

ON 21 MARCH 1985 *The Guardian* ran a feature by its own financial staff, concurring with the doubts about Fayed's claims raised by *The Observer*.

Written by Andrew Cornelius, Geoffrey Gibbs, and Mary Brasher, and entitled '*The great £615 million shopping bag*', *The Guardian* journalists raised doubts over each of the claims contained in the offer document produced by Kleinwort Benson, and posed many questions to which *The Guardian* had not received answers.

ON 25 APRIL 1985 the Sultan of Brunei removed from Mohamed Al Fayed all his powers of attorney.

ON 31 MAY 1985 the *Financial Times* ran a feature written by its expert on Arab affairs, also endorsing the stance of *The Observer's* City Desk.

The article, written by Duncan Campbell-Smith, and entitled '*The mystery of the Al-Fayed's*', was a detailed dissection of the Fayed's claims, including Kleinwort Benson's suggestion that the brothers owned 40 ships, plying the Mediterranean sea. Campbell-Smith revealed that the Fayed's actually owned only three ships, one of which had been wrecked on a sandbank three years earlier.

Mohamed Al Fayed issued a writ against the *Financial Times*, following which the paper apologised for the article.

*During June and July, prior to the dissolution of parliament for the Summer recess, front bench Opposition MPs tabled a number of parliamentary questions based on information sourced from the *The Observer's*, *Guardian's* and *Financial Times's* articles, probing ministers on the government's handling of the Harrods sale.*

ON 4 AUGUST 1985 *The Observer* sensationally revealed that a senior aide to the Sultan of Brunei was also a director of a Liechtenstein company owned by Mohamed Fayed.

The article, by investigative journalist Lorana Sullivan, reveals that one of the Sultan of Brunei's closest confidants was also a director of the Liechtenstein shelf company owned by Fayed, Hyde Park SA, into which Fayed had transferred hundreds of millions of dollars from the Sultan's accounts prior to making his bid for House of Fraser.

The implication of her article was clear — the discovery substantiates further *The Observer's* assertions that Mohamed Fayed had indeed used the Sultan of Brunei's funds to buy Harrods.

By October Mohamed 'Al' Fayed and his brother Ali had become increasingly concerned that Tiny Rowland might succeed in persuading the government to open up an inquiry into their acquisition of Harrods. Ali Fayed met Lord King of British Airways by chance and complained bitterly about Rowland's barracking of Parliament. Lord King recommended BA's lobbyist, Ian Greer, who had been very effective in representing the airline's interests. Fayed subsequently invited Greer to his offices at 60 Park Lane.

During the meeting Fayed protested that Rowland's allegations were untrue, citing House of Fraser's solicitors Herbert Smith and its merchant bankers Kleinwort Benson as supporting his claimed wealth and background. It was not lost on Greer that leading Conservatives were among the Fayed's supporters, including the treasurer of the Conservative Party, Lord McAlpine; the former Trade Secretary Norman Tebbit; the Defence Minister Michael Heseltine; and Prime Minister Margaret Thatcher herself. Consequently Greer believed Fayed's claims that he and his brothers were being victimised by Rowland unjustly; and believed further that cultivating support for the Fayed against Rowland would be popular at the highest level of the Conservative Party.

ON 5 NOVEMBER 1985 lobbyist Ian Greer signed a contract worth £25,000 per annum, to lobby MPs and ministers on the Fayed brothers' behalf.

Greer's managing director, Andrew Smith, immediately set about enlisting support from the three members of the Conservative back-bench trade & industry committee who had sympathised with the stand against Tiny Rowland taken by Harrods' chairman, Professor Roland Smith, during a luncheon at Harrods eighteen months earlier. Andrew Smith contacted the committee's chairman, Michael Grylls; its secretary, Tim Smith; and its vice-chairman, Neil Hamilton.

Mohamed Al Fayed's purchase of House of Fraser had been supported by the government and also by Professor Smith. In contrast Opposition MPs were generally supportive of Rowland's attacks on Fayed and the government. Accordingly the three MPs agreed in principle to support Fayed's position. The three Conservatives stated that another factor in their decision to support the Fayed was the constant stream of anti-Conservative articles appearing in the pages of the Lonrho-owned *Observer*.

Neil Hamilton agreed immediately to table two written questions probing the roles of *The Observer's* independent directors.

[Prompted by a combination of Greer's co-ordinating efforts and the attacks on the government by Tiny Rowland's Labour supporters, over the next 3½ years up to April 1989 the three Conservatives, plus Tory MP Sir Andrew Bowden, supported Fayed's stance against Rowland thus:

Michael Grylls limited his support to attending delegations to successive Trade Secretaries. He tabled no questions or parliamentary motions, nor asked any oral questions from the Floor of the House.

Tim Smith initiated 1 adjournment debate, tabled 27 written questions and 1 motion, asked 1 oral question, and attended 4 delegations to successive Trade Secretaries.

Neil Hamilton tabled 9 written questions and 3 motions, and attended 2 of the 4 delegations to Trade Secretaries. Hamilton never once spoke from the Floor of the House on any matter relating to Mohamed Al Fayed or Lonrho.

Sir Andrew Bowden tabled 6 written questions taking Fayed's side against Rowland.

Note: during the 3½ year period between Neil Hamilton's first and last action relating to the Fayed-Rowland battle, Hamilton tabled 216 written questions relating to other issues. During the same period Opposition MPs such as Bryan Gould, Ian Wrigglesworth, Tony Banks, Dale Campbell-Savours, Jeff Rooker, Tam Dalyell, Chris Mullin, Gerald

Birmingham, Brian Sedgemore, Charles Kennedy, Doug Hoyle, and Ron Brown—plus back-bench Conservative MP Teddy Taylor—asked scores of questions supporting Tiny Rowland’s and Sir Edward du Cann’s barracking of the government to open up an inquiry into the Harrods sale.]

1986

On 10 January 1986 satirical magazine *Private Eye* alleged that in October 1984 Margaret Thatcher’s son, Mark, had accompanied Mohamed Al Fayed on a trip to see the Sultan of Brunei

The article, by hard-Left *Daily Mirror* journalist Paul Foot, reported that Mark was representing a construction company with ambitions of winning a contract to build a new university for the tiny Sultanate. It was suggested that Mark had taken with him a letter of introduction from the Minister of Finance of Oman, who had granted a similar university construction contract to the British construction company Cementation in April 1981, for whom Mark had worked as a front man at the time to help seal the deal.

The article hinted that the company on whose behalf Mark had acted on the Brunei trip could have been the British conglomerate Trafalgar House, for whom Mark was said to have acted previously.

The timing of the trip — October 1994 — is highly significant insofar that it was on 30 October 1984 that Trade Minister Norman Tebbit inexplicably extended by another 90 days the Monopolies & Mergers Commission’s investigation into Lonrho’s bid for House of Fraser, which had prevented Lonrho for bidding for Harrods and which had facilitated Fayed’s pre-emptive acquisition.

Following the revelations in *Private Eye* Tiny Rowland supplied *The Observer* with information about the dates of the flights to and from Brunei (24 & 26 Oct.), the route taken (via Singapore), and that the aircraft used was Mohamed Al Fayed’s own private Gulf Stream executive jet - three bold statements of fact, which, if untrue, Fayed would have been able to disprove easily by reference to his diary and his Gulf Stream’s flight log.

Armed with the information *Observer* editor Donald Treford turned to his hard-Left political journalist David Leigh to write up an article. Leigh was the paper’s resident ‘expert’ on Mark Thatcher, having been responsible for authoring some twelve articles between January and April 1984 on the Prime Minister’s son’s dealings in Oman. However Leigh refused, claiming that the story was a “Rowland plant” — though its source, Paul Foot, was a friend and political soul mate of Leigh who had no connection with *The Observer* and little regard for Tiny Rowland.

ON 12 JANUARY 1986 *The Observer* published a sensational article implying that Margaret Thatcher and Mohamed Al Fayed had colluded over the sale of Harrods.

The article, written by *The Observer*’s editor, Donald Treford, alleged that Thatcher’s son, Mark, had accompanied Fayed on a trip to see the Sultan just days before the government had extended its block on Lonrho being allowed to bid for House of Fraser.

The article, entitled ‘*Mark Thatcher’s mystery trip to see Sultan*’, stated that Mark Thatcher and Fayed had flown to Brunei in Fayed’s private Gulf Stream jet, arriving on 24 October 1984 and leaving for London on the 26th. Treford pointed out that this alleged trip took place less than a week prior to Trade minister Norman Tebbit’s decision on 30 October 1984 to extend by 90 days the government inquiry into Lonrho’s bid for House of Fraser — which had caused Tiny Rowland, in despair, to fall for Fayed’s con-trick and sell the Egyptian Lornho’s 29.99% stake in House of Fraser.

The irresistible inference from the article was that this alleged trip had influenced Tebbit into providing the Fayed’s with sufficient time to buy the stores group before he removed from Lonrho the constraints that were preventing it from making its own bid.

Though Treford gave both Mark Thatcher and Fayed the opportunity to deny the story, Mark Thatcher conspicuously failed to do so (which remains the case today), despite the ease with which he could have disproved the story by showing his passport, or producing other evidence that showed he had been elsewhere during the dates specified.

Fayed, on the other hand, *did* deny the story. However, he too refrained from presenting his passport for examination. He also refrained from providing his private jet’s flight movements during the dates specified, which would also have disproved the story.

Labour MP Dale Campbell-Savours immediately cited the Mark Thatcher article to barrack the government.

Within days Campbell-Savours tabled for the attention of Trade Secretary Leon Brittan five written questions raised by Treford’s piece. All his questions accepted the article’s premise—that Mark Thatcher had visited Brunei with Fayed—to add to the government’s troubles caused by Tiny Rowland. He asked the Secretary of State for Trade & Industry:

To comment on if the Secretary of State will seek the permission of Mr R. W. Rowland, Chief Executive of Lonrho, to publish the letter to him from Mr Rowland of December 1985 regarding the takeover of House of Fraser

Further to 89 c634W, to comment on if the DTI received any other representations apart from request from the Monopolies & Mergers Commission, seeking an extension of the period for the Commission to report on the merger references of Lonrho & House of Fraser

To comment on if any discussions took place between representatives of the Sultan of Brunei & the DTI on the takeover of the House of Fraser

To comment on if the Secretary of State will publish his reply to the letter he received in December 1985 from Mr R. W. Rowland, Chief Executive of Lonrho, regarding the takeover of House of Fraser

To comment on what information was available to the DTI on interests of Mohamed Al Fayed or representatives of the Sultan of Brunei in the takeover of House of Fraser before the report of the Monopolies and Mergers Commission on the matter

ON 23 JANUARY 1986 Leon Brittan stepped down as Secretary of State for Trade & Industry.

Like Norman Tebbit, Leon Brittan was known to have enjoyed a warm relationship with Mohamed Fayed, and had been witnessed having meetings with Fayed at Fayed's heavily-bugged office block at 60 Park Lane. Brittan was replaced by Paul Channon.

ON 10 MARCH 1986 Michael Grylls, Neil Hamilton & Tim Smith met Mohamed Al Fayed for the first time.

The three Tory MPs met Fayed for lunch at Harrods, after taking up an invitation passed through Fayed's lobbyist, Ian Greer. Fayed had invited the three members of the Conservative back-bench Trade & Industry committee at the suggestion of Greer, after learning that they had sympathised with professor Roland Smith's rebuttal of Tiny Rowland's attempts to buy Harrods two years earlier.

ON 4 MAY 1986 *The Observer* published an article unravelling Mohamed Al Fayed's borrowings.

The article, entitled '*Fayeds called to account on loans*', was penned by American financial wizard Lorana Sullivan. Formerly of the *Wall Street Journal*, Sullivan untangled Fayed's Byzantine company records to show how he had re-financed House of Fraser with huge borrowings since the purchase totalling some £430 million.

The implication was clear: after acquiring House of Fraser with the Sultan of Brunei's money, Fayed had used the stores group as collateral to raise loans to repay the Sultan most, if not all, of his cash.

ON 18 MAY 1986 *The Observer* published a follow-up to its story that Mark Thatcher and Mohamed Al Fayed had flown to Brunei together in Fayed's jet.

Entitled '*Mark Thatcher and Guru clues to Harrods deal*', like the January article it was written by Donald Treford. The story claimed that *The Observer* had acquired documentary evidence via the Sultan's spiritual adviser, Sari Chandra Swamji Maharaj, corroborating its earlier story of 12 January about the trip. This evidence consisted of a certificate confirming the visit, signed by Brunei's former Permanent Secretary in the Ministry of Home Affairs, Kailash Nath Agarwal. The certificate stated:

TO WHOM IT MAY CONCERN: 'Our immigration records show that Mr. Mohamed al Fayed and Mr M. Thatcher were entered into Bandar Sri Bhagawan, Sultanate of Brunei, on 24th day of October 1984 and departed on 26th October 1984 by air passage.'

The *Observer* claimed further evidence in the guise of a confirmation of the visit by Han Ling, the editor of local newspaper, *The Borneo Bulletin*. Once again, Mark Thatcher did not deny the story, though it would have been easily disproved by showing his passport or other such evidence proving he had been elsewhere on the dates specified; nor did Fayed offer to show his passport or provide his private jet's flight schedule for the days in question, which would also have killed the story flat. Nor did the Sultan of Brunei issue a denial.

ON 25 MAY 1986 *The Sunday Times* published a story, which sought to undermine *The Observer's* claim that Mark Thatcher had visited Brunei with Mohamed Al Fayed — *but which actually confirmed The Observer's story.*

The article, by *The Sunday Times's* Ivan Fallon, who had previously given gushing support to the Fayed, launched an overt attack on *The Observer*. In his piece Fallon cited a denial issued by the Sultan's London-based personal aide, Major Christopher Hanbury, which Fallon claimed proved that *The Observer's* story was false. However, Fallon made no reference to *The Observer's* article of 4 August 1985 revealing that Hanbury was also a director of the Fayed-owned Liechtenstein company, Hyde Park SA, into which Mohamed Fayed had deposited the Sultan's funds with which he and his brothers had bought House of Fraser.

Fallon also quoted the editor of the *Borneo Bulletin*, Han Ling, as denying the story. However, a study of Fallon's quotation shows that Ling did *not* contradict the story but rather that he actually confirmed *The Observer's* central allegation: that Mark Thatcher had visited Brunei in October 1984. Fallon referred to *The Observer* article thus:

The *Observer* said last week that the visit had been "independently confirmed" by Han Ling, the editor of the *Borneo Bulletin*. Last week the *Sunday Times* contacted Ling, who said he had not spoken to *The Observer*. The paper quoted him as saying: "I know for a fact Mark Thatcher was here." This, said Ling, sounded like part of a

quote he had given to Paul Foot of *The Daily Mirror*. The rest of that quote added: “But I don’t know if he met the Sultan.” The Sultan’s office says the ruler was out of the country during that time.

So, rather than disproving *The Observer’s* story, the editor of the *Borneo Bulletin*, Han Ling, actually **reconfirmed that Mark Thatcher had indeed visited Brunei**. Han Ling’s ‘denial’ actually consisted of a clarification that he was unable to confirm whether Mark Thatcher had *met* the Sultan — which is an entirely different issue.

ON 2 JUNE 1986 Mohamed Al Fayed produced a document to ‘disprove’ that he & Mark Thatcher had flown to Brunei.

Though Fayed refrained from producing irrefutable evidence such as his passport or his jet’s flight schedule (both of which would have been simple), Fayed instead obtained from the opposite side of the world in Brunei a denial from the former civil servant, Kailash Nath Agarwal, whom *The Observer* claimed had signed the certificate confirming the visit. It read: ‘*it is an absolute lie to suggest that I am the author of that document.*’ Fayed also obtained a denial from the Sultan’s mystic, Sari Chandra Swamji Maharaj (a.k.a. ‘the Swami’), whom *The Observer* claimed had obtained the certificate.

However, neither Fayed nor Margaret Thatcher sought to obtain a denial from the Sultan, which presumably the Sultan would have provided willingly if *The Observer’s* story was untrue, nor did Fayed obtain a denial from Mark Thatcher, which presumably he would have been content to supply if the *Observer’s* story was untrue.

Fayed showed Tim Smith the civil servant’s and the mystic’s denials. Believing them to be true statements, and believing that *The Observer’s* story about Mark Thatcher’s visit to Brunei was untrue and motivated by animosity, Smith immediately tabled a request for an adjournment debate on the newspaper’s stance.

ON 3 JUNE 1986 Tory MP Eldon Griffiths wrote to *The Observer’s* editor, Donald Treford, in an attempt to bring a halt to *The Observer’s* attacks on the government.

Eldon Griffiths’ concerns had also been aroused by the escalation of the ‘Mark Thatcher trip to Brunei’ story. In his letter, Griffiths referred to the denials of the story obtained by Fayed, and gave notice of his intention to table a parliamentary motion about the matter. Griffiths wrote:

I have it in my mind to draw to the attention of the House the charges made by these gentlemen that *The Observer* has borne false witness against them, and that, accordingly, the allegations that you also make against the Prime Minister; Mr Norman Tebbit and Mr. Mark Thatcher are palpably untrue...

ON 7 JUNE 1986 Fayed announced his acquisition of the late Duke & Duchess of Windsor’s former home on the outskirts of Paris.

Fayed had been granted a 50-year lease on the house by its owners the City of Paris. In return, Fayed pledged to restore it to its former magnificence and preserve the Windsors’ personal effects, many of which he acquired with the lease, ‘for the benefit of historians.’ Fayed made clear that there would be no question of the public being allowed access to the house.

Thereafter, in order to win acceptance in the media and parliament, Fayed provided scores of MPs, journalists and celebrities with private tours of the historic villa, coupled to complementary stays at the Paris Ritz, which Fayed also owned.

ON 15 JUNE 1986 *The Observer* published a seminal article by freelance journalist Peter Wickman

Peter Wickman had originally been sent to Egypt by the German magazine *Stern* to learn more about the Fayed brothers’ background for a major feature to be published by the magazine. Wickman’s enquiries in Egypt revealed that Fayed had a humble upbringing, which lay at odds with the stories in the British Press describing how his family were akin to Arab royalty.

Later, after being spurned by other newspapers, Wickman sold his story to *The Observer*. His piece, entitled ‘*In search of the fabulous pharaohs*’, was a damning, and hilarious, indictment of the way the British press had repeated Fayed’s lies uncritically.

Following the article Fayed countered by stepping up his wooing of the British press and politicians.

ON 16 JUNE 1986 Dale Campbell-Savours joined fellow Labour MP Brian Sedgemore in denouncing Eldon Griffith’s and Tim Smith’s attacks on *The Observer*.

Sedgemore tabled two parliamentary motions countersigned by Dale Campbell-Savours and fellow Labour MP Dennis Skinner, in a move designed to neuter Eldon Griffith’s recent attacks on *The Observer* and similar attacks that Tim Smith was expected to make the next day during an adjournment debate on the editorial integrity of *The Observer*. Both motions attacked the two Tories for criticising *The Observer’s* stories:

EDM 951

This House deploras the attempt of the honourable Member for Bury St Edmunds [Eldon Griffiths] to censor and silence the *Observer* in reporting the take-over of House of Fraser, a British company with 30,000 shareholders, by a Liechtenstein company owned by the Al-Fayeds called AIT which was originally called Precis (317) and was a shelf company formed by Herbert Smith & Co. [Fayed’s solicitors] with two nil paid shares of £1 each; notes the threatening letter written by the honourable Member for Bury St Edmunds to Donald Treford, the editor of the *Observer*, dated 3 June 1986 in defence of Mohamed Fayed... and informs the honourable Member that Mohamed Al-Fayed and his prestigious merchant bankers Kleinwort Benson misled the Office of Fair Trading and the

Government about the family background, wealth and value of the assets of the Al-Fayeds in a letter from Mr McArthur of Kleinworts to Mr Agar of the OFT dated 6 December 1984 marked 'Strictly Private and Confidential' and in the Offer Document dated 4th March 1985.

EDM 954

This House deplores the attempt of the honourable Member for Beaconsfield [Tim Smith] to censor and silence the Observer in reporting the take-over of Harrods and 110 prestigious stores formerly owned by the House of Fraser, now owned by AIT, a Liechtenstein Company; advises the honourable Member not to be taken in by a public relations exercise being mounted by Mr Mohamed Al-Fayed, whose anti-Semitic views have been authenticated on tape recordings; and calls on the honourable Member to join in a boycott of Harrods.

ON 17 JUNE 1986 the Commons held Tim Smith's adjournment debate on *The Observer*, during which Dale Campbell-Savours lambasted Smith for attacking the paper.

Smith denounced *The Observer* for its articles attacking the Tories' handling of the Harrods sale.

In particular, Smith denounced *The Observer* for its article about Mark Thatcher's visit to Brunei. To support his stance Smith cited a photocopy of the document obtained by Fayed contradicting the certificate *The Observer* had obtained which the paper claimed confirmed its story. Smith also lambasted *The Observer* for publishing Peter Wickman's investigation into the Fayeds' background, citing the alternative (false) stories Fayed had succeeded in having reproduced in Britain's other newspapers. Subsequent events would show that Smith's motivation to support Fayed at this point in time was borne solely out of a belief that by doing so he was also defending the Tory government.

Five minutes from the end of the debate Campbell Savours rose from his seat to render a passionate defence of *The Observer's* reporting:

Dale Campbell-Savours:

"I rise only briefly to intervene, although there are five minutes left in which to debate this issue.

"I condemn the action of the hon. Member for Beaconsfield (Tim Smith) in raising this debate. The only reason for it is that an attempt is being made by Conservative Back Benchers and Government Ministers to silence The Observer over the whole question of the takeover of Harrods by the Al Fayed brothers.

"During the past four months, The Observer has repeatedly levelled accusations, yet none of them has been answered. Letters have been sent to the Prime Minister by The Observer and also by Mr. Rowland. Despite what the Minister said, there have also been repeated references in other organs of the press. The Prime Minister has refused to answer. The Order Paper is effectively blocked. Questions are being asked about the role of Sir Gordon Borrie, the Director General of Fair Trading, as to why he was willing to give permission for the takeover. He was in a crucial position, because he read the submission by Kleinwort Benson.

"Much controversy surrounds the nature of the statements that the company has made on the matter. The House tonight is seeing a disgraceful attempt to shackle The Observer in a legitimate campaign that it is carrying out. If The Observer is wrong, Ministers should answer the questions. If there is a full and complete statement from the Dispatch Box by the Government on all the circumstances surrounding the takeover of Harrods, the whole matter can be brought to an end. But until that statement is made, The Observer will legitimately raise questions of public concern and hon. Members are entitled to persist in asking questions orally on the Floor of the House because the Order Paper is effectively blocked on this important matter."

DURING DECEMBER 1986 Tiny Rowland supplied Secretary of State for Trade and Industry Paul Channon with more evidence proving that Mohamed Al Fayed had acquired House of Fraser fraudulently

1987

ON 28 JANUARY 1987, using information supplied by Tiny Rowland, Dale Campbell-Savours attacked Mohamed Al Fayed on the Floor of the Commons.

Campbell-Savours asked Paul Channon, the Secretary of State for Trade and Industry:

Is the Secretary of State aware that Harrods, under the former management, paid roughly £20 million a year in corporation tax to the Treasury? Is he further aware that, since the takeover by the Al Fayeds and the registration of the company in Liechtenstein, they no longer pay taxes to the British Government because they choose to offset their liability against borrowings to borrow for the purchase of Harrods? Is that not a disgrace? Did the Secretary of State not know, when the original decision was taken, that that was likely to happen, and in taking that decision did he not, in effect, write off £20 million annually to the Exchequer annually - inflation-proofed?

Channon replied:

I think I would be far wiser not to comment on what the hon. Gentleman says today. I am considering all the information supplied to me by Lonrho in December 1986. I shall consider everything that is said in the House and that is supplied by Lonrho.

IN MID-FEBRUARY 1987 Dale Campbell-Savours took Tiny Rowland's side again

Campbell-Savours tabled another written question to keep up the pressure on the government. He asked Secretary of State for Trade and Industry Paul Channon:

What representations he received from Mr Tiny Rowland of Lonrho last month about takeover of House of Fraser by Al Fayed

Corporate Affairs minister Michael Howard replied on Channon's behalf:

Mr right hon. Friend has received four letters from Mr R. W. Rowland dated 12 January, 22 January, 4 February and 12 February

ON 9 APRIL 1987 Paul Channon approved Michael Howard's recommendation to appoint Inspectors to investigate Mohamed Al Fayed's acquisition of House of Fraser.

Channon's decision to appoint inspectors was due in no small part to the pressure that MPs of all parties had brought to bear from the revelations in *The Observer's* financial pages. Tiny Rowland, assisted by Campbell-Savours and others, had achieved his objective: the instigation of a DTI investigation into where Fayed got his millions to buy Harrods.

Chapter Two

First Victim

During the twelve months that followed the Tories' re-election in June 1987, parliamentary debate on the Harrods affair subsided while the DTI Inspectors got on with their investigation.

On Sunday 23 July 1988 the inspectors delivered their damning report to Channon's successor, Lord Young of Graffham. They found that Mohamed Fayed had lied on every single issue: his name, his age, his education, his family background, his wealth — everything. The Inspectors concluded that Fayed had acquired House of Fraser using cash acquired from the Sultan of Brunei without the Sultan's knowledge — i.e. that Fayed had bought Harrods with the Sultan's cash.

Young was immediately faced with a problem. In the run up to the general election the year before, the Tory Party had received (allegedly) a £250,000 donation from Fayed. Fayed had also been a good friend of Britain, using his influence with the Sultan of Brunei to prop up the pound during the Sterling Crisis and also secure export deals. Fayed had also been Margaret Thatcher's guest at No. 10 more than once. Young sent the Inspectors' Report off to the Serious Fraud Office, supposedly for consideration of criminal prosecutions being brought. In fact, it was a device merely to buy time before burying the report for ever.

1989

ON 19 MARCH *The Observer* published an article by Adam Raphael alleging that bribes had been used to sell British military aircraft. The story, entitled *TORNADO RIP-OFF*, alleged that prices of BAE Tornado fighter-bombers destined for the Royal Jordanian Air Force and Saudi Arabia had been inflated to accommodate bribes to middlemen. Within the piece Raphael stated:

The British armaments industry, backed by the Government, is fuelling the Middle East arms race. Behind the cheers for this most profitable defence deal in our history lie moral and financial problems.

BILLIONS of pounds of taxpayers money are at risk in a series of arms sales that have transformed Britain into a leading arms supplier in the Middle East and the second largest in the world. British Aerospace announced last week that its arms deal with Saudi Arabia might ultimately be worth £150 billion.

Increasing concern, however, is being voiced in Whitehall at the risks involved in these huge armaments deals. The one with Saudi Arabia alone is fifteen times the size of the Trident submarine missile programme and nearly ten times the size of Britain's annual defence budget. Official concern centres on four areas:

- The huge commission payments involved in the deals, some as high as 30 per cent, going into the back pockets of ruling families as well as middle men.
- The morality of selling vast quantities of sophisticated weapons to Middle East and Third World countries, some of which can barely afford and have little military need for them.
- The need to finance some of the sales with large British Government-backed loans
- The high risk to both taxpayers and the countries involved if, as with Iran a decade ago, there is a change of regime.

One chairman of a major British company with extensive arms contracts said large commissions were 'the normal way of business', not just in the Middle East and not just on arms. British Aerospace's rivals, moreover, notably Dassault in France and McDonnell Douglas and Boeing in the United States, have every reason to be jealous. The two Saudi deals, known as Al-Yamamah 1 & 2 (The Dove), signed by the British Government in 1985 and 1988, are among the most profitable arms deals ever concluded.

The deals, which stretch into the twenty-first century, include 120 Tornado fighter-bombers, 90 Hawk fighter-trainers, six minesweepers, 90 Westland helicopters, and the construction of two major air bases and naval facilities.

'I don't think anyone has realised the enormousness of this contract,' said BAE's chief executive, Sir Raymond Lygo, when he introduced the company's annual figures last week. The huge Al-Yamamah orders have established Britain as the dominant arms supplier in the region. The success led to a further sale of another eight Tornados, together with an option for four more, to Jordan underwritten by Britain and Germany with additional financing from the Saudi Government....

If commission payments do account for the discrepancy in the Tornado contract prices, they may also explain why the German Government has, despite Mrs Thatcher's intervention, agreed to finance only 23 per cent of the deal's total cost though the German share of the construction is 42 per cent...

The commissions associated with the Jordanian sale, though large, are a bagatelle compared with the huge sums payable on the two arms deals with Saudi Arabia. The first Al Yamamah agreement was struck after Mrs Thatcher interrupted a holiday on the Continent and reached an agreement with Prince Bandar, Saudi Ambassador to Washington and a former fighter pilot...

The former Defence Secretary, Michael Heseltine, who negotiated the Al Yamamah deal, rebuts the charge: 'What you have to remember is that arms sales are commercial warfare at its most acute. Anything goes — rumours, smears, allegations — you can be absolutely sure that our rivals are trying to undermine what we have done. The Government has no knowledge and no dealings involving commission payments.'

Other authoritative British sources who insist on anonymity take a more relaxed view on the issue of commissions. A senior executive in a participating company in the Saudi arms deal noted: 'When you sell to Saudi Arabia you are really selling to the Saudi Royal family — a limited company with 200 shareholders. It is quite simple. In some countries you pay import duties of 30 per cent, in other countries you pay commissions....'

On 20 March Dale Campbell-Savours and Labour's defence spokesman, Allan Rogers, immediately tabled a series of questions to the Secretary of State for Defence probing the issues in Raphael's article.

The suggestion that bribes had been used to effect British arms sales to Jordan and Saudi Arabia was a huge embarrassment for: British Aerospace; the Ministry of Defence; the Foreign Office; and Margaret Thatcher personally. Accordingly, next day back in the Commons, Dale Campbell-Savours seized on Raphael's story and immediately tabled five written questions to the Secretary of State for Defence:

1. To what extent the cost of purchasing Saudi Arabian oil under Ministry of Defence-sponsored arrangements, are used in payment for Tornado aircraft by Saudi Arabian Government
2. To what extent costs to Jordanian Government of Tornado aircraft in excess of that price being paid by UK Government for Tornado are supplied by official credit support facilities from the Export Credit Guarantee Department.
3. What arrangements are or will be maintained by the Ministry of Defence for programming payments to British Aerospace, for the purchase of Tornado aircraft and other defence equipment by Jordanian and Saudi Arabian Government.
4. Whether following upon or during discussions that representatives of HM government or Ministers have had on the sale of Tornado aircraft to Jordan or Saudi Arabia, has there been received information as to the level of commission payments being paid in supply of Tornado aircraft to those countries.
5. If the Ministry of Defence has been informed by the West German Government as to what extent commission payments to citizens of Saudi Arabia or Jordan have influenced the decision by the West German Government not to provide more than 23% of official credit support towards construction of Tornado and other defence equipment for supply to the Jordanian or Saudi Government.

Labour defence spokesman Allan Rogers also tabled several written questions to the Defence Minister, also probing the allegations in Raphael's articles.

From the events that follow it seems clear that it was during the next two days that Dale Campbell-Savours was approached and enrolled into the dastardly campaign to discredit Tiny Rowland's ownership of *The Observer* and, by necessity, smear *The Observer's* journalists too.

For years *The Guardian's* editor, Peter Preston, had tried to acquire *The Observer* as *The Guardian's* Sunday paper, to put *The Guardian* on an even footing with Britain's other broadsheets. However, all his previous overtures to buy the paper had been spurned by Tiny Rowland. So, after failing to acquire *The Observer* by fair means, David Leigh, Campbell-Savours, and Preston, conspired to deliver *The Observer* to *The Guardian* by foul.

The stratagem was simple: Campbell-Savours' would use his position in Parliament to discredit Rowland's proprietorship through allegations of editorial interference, while *The Guardian* would snipe at *The Observer* occasionally in its columns by reporting the hullabaloo.

They planned that the board of Lonrho would eventually become weary of the negative publicity and dispose of the paper — at which point Peter Preston would step in and snap it up for *The Guardian's*

owners, the journalist-run Scott Trust. The scheme was so brazen only a few Labour MPs and all but the closest political staff at *The Guardian* were informed.

One immediate effect would be that Campbell-Savours from then on would have to refrain from citing *The Observer's* stories to barrack the Tories — no matter how useful they could be to the Labour cause.

Subsequently, using information supplied by David Leigh and Mohamed Fayed's legal adviser, Royston Webb, Campbell-Savours attacked *The Observer*, its proprietor Tiny Rowland, its editor, and its journalists, at every single opportunity.

Over the next 2¼ years Campbell-Savours' tally would include the tabling of: 58 lengthy and passionate parliamentary motions; at least 11 written questions; and at least 14 points of order, oral questions, and other interventions from the Floor of the Commons — making a total of at least 83 separate actions criticising Rowland's ownership of *The Observer*.

To put this in context, Campbell-Savours' vendetta against *The Observer* overwhelmed the activities of Lonrho's Tory detractors put together over the entire previous 4½ years.

The first manifestation of Campbell-Savours' new campaign came on the afternoon of **23 March**, when the issues in Adam Raphael's *Tornado Rip-off* story of four days earlier came up for discussion in the Commons during Defence Questions. Campbell-Savours was the first called to speak, whereupon he denounced Raphael's piece as Lonrho propaganda published on Tiny Rowland's instructions — despite having championed the story three days earlier with five questions to Defence Minister Tim Sainsbury. The Minister whom Campbell-Savours addressed was again Tim Sainsbury.

Campbell-Savours:

“Last week The Observer led with a story, ‘Tornado Rip-off’. The article purported to investigate Britain’s biggest ever arms deal and the middlemen who fixed it. I have to admit that the article was well written and I tender no criticism of the journalist who wrote it, except to say that I am sure that he will find that the elusive Mr Charles Langley resides at Lonrho headquarters.

The article alleged that the British armaments industry, backed by the Government, is fuelling the Middle East arms race. In referring to arms orders potentially worth as much as £150 billion and while attacking the basis for the deals, the newspaper reported: ‘behind the cheers for this most profitable defence deal in our history lie moral and financial problems.’

The newspaper questioned what it called huge commission payments, the morality of selling vast quantities of sophisticated weapons to Middle East and Third World countries, the role of Export Credits Guarantee Department in providing finance for the purchases and the risk to the taxpayer of default in the payment in the event of a change in regime. The bulk of the orders go to British Aerospace. It stands accused in The Observer — I shall repeat a comment in the French newspaper L’Express: ‘of being willing to pay exceptional commercial expenses.’

*The Observer failed to spell out clearly the origin of the story it published and the reason why it was published. **Unfortunately, the newspaper is owned by Tiny Rowland and the article was a Rowland plant.** Mr Rowland is not only a newspaper proprietor but also an arms dealer. He has a direct interest in the fortunes of the Dassault company in France, the country's principal military aircraft manufacturer. It was Tiny Rowland who negotiated, directly and through a labyrinth of middlemen, a series of deals primarily in Africa but also in the Middle East, involving the sale of luxury jets, jet trainers, fighter bombers including Mirage 2000 and F1 aircraft.*

Tiny Rowland regards British Aerospace as a keen competitor. On a number of occasions he has set out to frustrate attempts by British Aerospace to sell aircraft. The most recent example is that involved the £150 million deal to sell Hawk ground attack aircraft to Kenya. In this case, he was pushing the rival Dassault Mirage aircraft.

Dassault was also a direct competitor with British Aerospace over the deals outlined in The Observer last week. According to the newspaper's report, when the company heard of British Aerospace's success in landing the Saudi deal, a Dassault spokesman said: ‘What has happened is unexpected, incomprehensible and catastrophic. The decision to acquire Mirage 2000 had already been taken on technical grounds. This brutal change is of a political nature.’

Of course, there is a great deal more at stake for Mr Rowland than mere profit. He is a man obsessed. He loathes the chairman of British Aerospace, Professor Roland Smith, because he forced him off the board of the House of Fraser during Rowland's argument with the Al-Fayeds. He equally loathes the right hon. Member for Chingford [former DTI Minister Norman Tebbit], for acting as an unpaid adviser to the professor and because of his failure to intervene during the Harrods takeover. The problem is that his obsessions are increasingly spilling over into the columns of The Observer, doing immense damage to a great national newspaper. For some years, he has used the newspaper to run his personal vendetta against the Al-Fayeds and he is now, with last week's article, launching a new

campaign to undermine British Aerospace's sales efforts in various parts of the world by using the columns of his newspaper to foster his commercial interests.

In doing so, this man is undoubtedly compromising journalists. He has, in effect, become a gladiatorial proprietorial tyrant who is manipulating his newspaper in a way that puts him on a par with the worst aspects of Murdoch control of Fleet Street journals. This must stop, and he must be stopped. He is destroying The Observer. Its circulation has fallen dramatically from 900,000 in June 1989(sic), when he took over, to just over 700,000 last month. Meanwhile, its rival, The Sunday Times, has held its readership steady at 1,350,000 with marginal improvement.

This man is undermining British industry, and in particular British Aerospace, with accusations that equally apply to himself with relation to his arms dealings. The time has surely come for him to divest control of this newspaper. An excellent team of journalists at The Observer are increasingly the subject of criticism inside and outside the House of Commons, and surely see themselves as professionally undermined as they are forced to act on occasions as Lonrho hacks, furthering their work of an obsessive Fleet Street mogul and international arms dealer."

For Campbell-Savours to change from championing Raphael's story to denouncing it in just three days flat, probably had Tim Sainsbury wondering whether he had entered the *Twilight Zone*. Raphael's story was *exactly* the kind that Campbell-Savours would normally have used to attack the Tories.

Meanwhile, as Trelford and Raphael scratched their heads, that same day of **23 March 1989**, Campbell-Savours' old ally/new enemy Tiny Rowland had just pulled off one of the biggest coups of his controversial career. Using contacts provided by his chief of security Ken Etheridge, Rowland acquired copy No. 26 of the DTI inspectors' report from a mole within the Fraud Squad. When he read the Inspectors' conclusions he was cock-a-hoop.

The next day, Good Friday, Rowland summoned Trelford to his country retreat in Bourne End, to discuss the possibility of publishing the report. Trelford took little persuasion. The Inspectors had vindicated his newspaper's campaign, endorsing completely the research undertaken by his City staff and the freelance Peter Wickman.

Rowland expressed his intention to distribute the report at Lonrho's Annual General Meeting, the following week on **Thursday 30 March 1989**. But Trelford assumed (correctly as it would transpire) that any distribution at the AGM would result in the Government obtaining and serving an injunction preventing any subsequent publication in *The Observer's* next edition.

The two factors seemed irreconcilable. It was decided to do nothing until after Easter, when a meeting would be held to discuss options.

On Sunday 26 March 1989, *The Observer's* front page carried another 'Tornado bribes' item by Adam Raphael, following up on his previous week's features. It reported Labour Defence spokesman Allan Rogers' satisfaction that the previous week's articles had resulted in the Jordanians cancelling the contract. Adam Raphael also alluded to the barrage of questions that these two articles had elicited from Campbell-Savours & Rogers — though he failed to mention the fact that Campbell-Savours had since denounced his story. Raphael's new follow-up article, entitled: '*Jordan's 'no' saves UK £500m*', ended:

Labour's spokesman on Defence procurement, Mr Allan Rogers, said last night that he was glad that sense had prevailed and that 'a piece of lousy business' had been cancelled. He said that Jordan would have had to pay a very high price for planes it did not need, financed by the British taxpayer, who had been fleeced and kept in ignorance of the deal. It was also 'immoral,' he believed, to sell advanced fighter-bombers into a flashpoint area such as the Middle East.

The Ministry of Defence, **faced by a barrage of parliamentary questions last week from Opposition MPs about Tornado contracts with Jordan and Saudi Arabia**, refused to comment on the grounds of 'commercial confidentiality'.

Meanwhile, two days later on **Tuesday 28 March**, Donald Trelford flew back from his family holiday in the Channel Islands for a war meeting at Rowland's London home in Chester Square. Also present were a bevy of Lonrho's lawyers and directors; and Lonrho's chairman, prominent back-bench Conservative MP Sir Edward du Cann.

Trelford aired the possibility of producing a special mid-week edition of *The Observer*, to coincide with Lonrho's AGM. This would allow Tiny Rowland his glory at the AGM, and also circumvent the

problem of an injunction preventing publication in *The Observer* the following Sunday. The gathering agreed.

Trelford telephoned the paper's managing director, Nicholas Morrell, who okayed the feasibility of producing a 'one-off' mid-week edition for publication two days later. After Trelford relayed Morrell's assent, it was agreed to go ahead with all due haste.

Trelford telephoned Melvyn Marckus, and told him of the plan. Marckus jumped at the chance of seeing his and his staff's research vindicated so publicly. He drove down to *The Observer's* headquarters later to join Trelford in selecting passages from the report for publication, while Trelford's and Morrell's secretaries, Barbara Reick and Karen Pritchett, typed up the passages into *The Observer's* mainframe computer system.

That evening, Trelford contacted *The Observer's* managing editor Jeremy Hunt, assistant editor David Randall, and picture editor Tony McGrath, and summoned them to a meeting at the newspaper the following morning at 8 am. Total secrecy was the order of the day. Key political journalists, such as David Leigh, Paul Lashmar and Adam Raphael, were excluded from the operation. This was, after all, a City Desk operation.

The next day, Wednesday the 29th, the management team worked through the day and night under other journalists' noses, to produce the plates for the special edition. The task was completed at 11 p.m.

The next morning, Thursday 30th March 1989, as Lonrho's shareholders began making their way to the Grosvenor House Hotel for their AGM, *The Observer's* print centres at Portsmouth, Sunderland and Glasgow had already produced an estimated 260,000 copies of the historic newspaper.

Journalists arriving at *The Observer* each found a copy on their desks, together with a personal note from Trelford explaining his need to undertake the operation in total secrecy.

Distribution was held back until the last minute, to prevent the anticipated injunction from stopping Rowland and his board from presenting the paper to the Lonrho gathering. At 10 am van loads of papers began moving to the wholesalers, and then on to the newsagents and street-sellers.

The operation had worked like clockwork.

Back at *The Observer*, David Leigh raised objections that the management had published the special edition over the heads of *The Observer's* journalists. The staff took a vote on the issue, and endorsed Trelford's actions and the paper's distribution.

The DTI immediately got wind and at 10 am obtained an injunction from Judge Mr Justice Tudor Evans, preventing *The Observer* from 'publishing, disclosing or distributing' copies of the report 'or any extracts.' But it was too late. Sir Edward du Cann was already reading out the juiciest passages to a stunned audience at the AGM by the time the injunction arrived at 11.55 am.

An estimated 180,000 copies had found their way into homes and offices across Britain. It was snapped up feverishly by all and sundry in the City, Frankfurt, Wall Street, Parliament, the media and, not least, by the public. Trelford and his team had pulled off one of the biggest press coups of the decade.

With hindsight, it can be seen that, without Trelford's audacious action Margaret Thatcher's Conservative Government would have buried Mohamed Al Fayed's lies for ever, consigning to the dust some of the best investigative reporting ever to appear in a British newspaper.

Chapter Three

More Journalists Sacrificed to the Cause

The *Observer's* publication of the Inspectors' findings was manna from heaven for the Labour Opposition, exposing as it did the Government's injudicious endorsement of the Fayed's bid and acquisition of Harrods. Labour's front-bench trade and industry spokesman Bryan Gould immediately tabled a Private Notice Question, to have the matter debated in the Commons the following week.

Three days later in the next edition of *The Observer*, in a bullish editorial entitled '*Publish or be damned*', Donald Trelford laid out his reasons for publishing the extracts from the DTI Inspectors' report. Inside the paper financial journalist Lorana Sullivan laid out the chronology of her and her colleagues' milestone stories over the previous four years, which together had resulted in the paper receiving three libel writs from Mohamed Al Fayed concerning five articles. Her piece was entitled, '*Four years of journalistic investigation.*'

Later that evening, Channel 4's *Business Programme* re-broadcast *Box Productions'* documentary '*The Harrods Sale*', detailing John Plender's investigation endorsing *The Observer* team's work and damning the Tory Government's handling of the affair.

The next day, Monday **3 April 1989**, Trade & Industry minister Lord Young issued an obfuscating statement in the House of Lords, defending his decision not to publish the DTI inspectors' report on the grounds that to do so would prejudice the ongoing Serious Fraud Office investigation. Meanwhile, over in the Commons, Labour's Bryan Gould was given permission by the Speaker for his Private Notice Question to be debated the following day.

The next morning, Tuesday **4 April**, Labour MP Brian Sedgemore tabled a parliamentary motion condemning the DTI and Mohamed Al Fayed's merchant bankers, Kleinwort Benson, over the Harrods sale. Later that afternoon the Commons debated Gould's Private Notice Question. Tory DTI minister Tony Newton was fielded to parry the brick-bats on behalf of the government.

After Newton gave an opening statement, Gould kicked off with a series of questions centred on the delay in publishing the report. Other Labour MPs joined in the chorus, but the most succinct question came from Brian Sedgemore.

Sedgemore asked:

"How does the Minister respond to the statement of Lord Justice Dillon that there is a public interest in knowing that the principal shareholders of the House of Fraser are fraudulent rogues, and a public interest in knowing how Ministers came to be deceived in 1985? Does the Minister intend to invite the Governor of the Bank of England to censure Kleinwort Benson [Fayed's merchant bankers who prepared the bid] for negligence, to invite the Law Society to censure Herbert Smith [Fayed's solicitors who saw the deal through] for incompetence, to invite Ministers to censure civil servants for naiveté and to invite the Prime Minister to censure Ministers for negligence, incompetence and naiveté?"

The next question from Conservative MP Ian Gow provided no respite:

"Since this exceptionally well-researched and detailed report has been in the possession of the police and the Attorney-General for more than seven months, when may we expect a decision to be taken on whether or not there is to be a prosecution?"

But then, although Dale Campbell-Savours had used *The Observer's* previous stories unyieldingly to feed his attacks on the Tories, he came to the Government's rescue.

First he attacked *The Observer* for not publishing a 1976 DTI report that was critical of Lonrho. Then he implied that the Tory Government had *not* mishandled the House of Fraser sale at all. Then he attacked *The Observer*; its proprietor Tiny Rowland; and its editor, Donald Trelford, for publishing extracts from the report — even though this was providing his colleagues on the Labour benches with their best platform to attack the Tories since early 1984.

Campbell Savours:

“Is it not true that in 1976 Tiny Rowland and Lonrho went begging to the Department of Trade and Industry asking that the report on sanctions-busting and bribery in the case of Lonrho not be published? Why is it that the Lonrho broadsheet [i.e. The Observer] has refused to publish that particular information at this stage? Secondly, what business was it of the DTI inspectors to examine the family background of the Al-Fayeds? Surely their terms of reference only related to whether they had the money to purchase the store. Is it not true that, despite all the discussion in the Lonrho broadsheet, Mr Tiny Rowland and Mr Donald Trelford have not produced one shred of evidence to date that the money to buy the House of Fraser was not the property of the Al-Fayeds alone? They have not produced that evidence. Indeed, the report that was published equally states that the inspectors were unable to establish what the facts were. Does the Minister not agree that this is the case?”

It is a wonder that Tony Newton didn't feint with shock. Given that Trelford's financial staff had provided *ample* evidence to support their claims, which *Forbes* magazine, the *Financial Times*, and Channel 4's *Business Programme* had endorsed, it must have seemed incredible that Dale Campbell-Savours, of all people, was now supporting his enemies, Thatcher's Tory Government, and attacking the very newspaper that had provided his colleagues with so much ammunition against them.

No doubt equally bemused, other MPs from across the House instead rounded on the Government, including Labour MPs Gerald Bermingham, Stuart Bell, and Doug Hoyle; Liberal Charles Kennedy; and independently-minded Conservative back-benchers Richard Page, Teddy Taylor, James Arbuthnot, Sir Anthony Grant and Jonathan Aitken.

Only one other MP besides Campbell-Savours focused his firepower on Tiny Rowland and Lonrho, Conservative Ivan Lawrence.

But whilst Campbell-Savours' vehement attacks on *The Observer* were just beginning, Neil Hamilton's more restrained probing was drawing to a close. He countered Rowland's publicity coup by tabling the last four of a total of just nine written questions since his first, 3½ years earlier.

Exploring Rowland's relationship with Egyptian diplomat Dr Ashraf Marwan; and Lonrho's links with Dassault and its trade with Libya, Hamilton asked:

1. The Secretary of State for Foreign and Commonwealth Affairs: Whether Dr. Ashraf Marwan is an accredited diplomat representing the Arab Republic of Egypt in the United Kingdom.
2. The Secretary of State for the Home Department: Whether foreigners holding diplomatic passports, but not accredited in the United Kingdom, are exempt from normal entry procedures when visiting this country.
3. The Secretary of State for Defence: What representations he has received on the effects of Lonrho's attempts to frustrate British arms sales to Kenya; and if he will make a statement.
4. The Chancellor of the Duchy of Lancaster: What information he has on the volume of arms export business with Libya conducted by Lonrho or its subsidiary company, Tradewinds plc.

Two days later on **6 April 1989** during Business Questions, to the continued bemusement of all on the Government and Opposition benches, Campbell-Savours launched another vitriolic attack on Rowland's ownership of *The Observer*, which he continued to deride as 'The Lonrho Broadsheet.' And, though he had never concerned himself previously, Campbell-Savours then called on the Leader of the House, John Wakeham, to ask the Government to review the decision taken by the Labour Government in 1977 not to prosecute Rowland under the Larceny Act of 1861; the Theft Act of 1968; the Exchange Control Act of 1947; and the Southern Rhodesia (United Nations Sanctions No. 2) Order of 1968.

Three days later on Sunday **9 April 1989**, the *Mail on Sunday* reported that Lonrho intended to sue former and serving Ministers, civil servants, and City advisers over the Harrods affair, with claims topping £150 million. The same day *The Observer* ran four major stories, all of which were Very Bad News Indeed for the Conservative Government. The first was a front-page headline story by Michael Gillard, entitled '*Fayeds: Police fly to Egypt.*' It told of the impetus given to the Serious Fraud Office's investigations into Fayed's false representations to the DTI, which had been brought about by *The Observer's* leaking of the DTI report and the resultant rumpus in parliament. Gillard also referred to Lonrho's appeal to overturn Lord Young's decisions: (a) not to publish the report; and (b) not to refer

the Fayed's acquisition of House of Fraser to the Monopolies and Mergers Commission, which was due to be heard in the House of Lords the next day. Gillard wrote:

The Opposition will follow the Law Lords hearing very closely. Labour MPs suspect that Lord Young's decisions may have been influenced by a fear of possible embarrassment over Mohamed Fayed's contacts with the Prime Minister, other Conservative Party figures, and the world's richest man, the Sultan of Brunei.

Last week Mr Bryan Gould, Labour's trade and industry spokesman, asked Young to deny that Fayed had made contributions to the Conservative Party. Yesterday, the SDLP Leader, Mr. Paddy Ashdown, condemned the Government's injunction banning *The Observer's* special issue as "concerted suppression."

This was another of the sort of stories that Campbell-Savours could have been expected to raise on a Point of Order in the Commons the following Monday morning.

In the same issue's business pages, City editor Melvyn Marckus penned an article focusing on Mohamed Al Fayed's links with the Tories. The inspiration for his piece was a comment made by Lord Young on BBC Radio 4's *Today* programme the previous Tuesday, that the inspectors' report had 'clearly disclosed wrongdoing' by the Fayed's. In a full-page feature bearing the headline '*Wrongdoing*' in large bold letters, Marckus lambasted the Government for its decisions: (a) not to publish the DTI inspectors' report; and (b) not to refer the Fayed's acquisition to the Monopolies & Mergers Commission and/or the Office of Fair Trading.

Another story, which sat alongside Gillard's on the front page, was even more likely to elicit Campbell-Savours' interest. Written yet again by Adam Raphael, it focused on Campbell-Savours' two favourite hobby-horses: the matter of MPs' business interests and their links with professional parliamentary lobbyists. The article was entitled, '*Lobbyist MPs to face new curbs*':

Parliamentary lobbyists may be forced to apply for registration in order to control mounting commercial pressures which have led to one in three MPs acting as paid parliamentary consultants, **writes Adam Raphael.**

The Select Committee on Members' Interests is considering introducing a formal register of lobbyists because of increasing concern that the work of Parliament is in danger of being perverted by the large sums of money devoted to influencing the course of legislation. Annual payments for parliamentary consultancies reportedly range from £5,000 to £30,000 — with one lobbyist quoting £40,000 as a reasonable fee to amend a major piece of legislation. 'Some MPs are merely using Parliament as a forum for their business activities,' one noted member of the Select Committee said...

Evidence submitted to the committee has covered a wide range of potential abuses from full-time employees of lobbying companies masquerading as parliamentary research assistants, to the parliamentary order paper being used as a covert form of influence by commercial organisations.....

A much larger article by Raphael along similar lines appeared on page nine, focusing on the 'growing influence' of professional lobbyists at Westminster. Previously, Campbell-Savours had supported curbs on the influence of lobbyists at Westminster and had led calls for debates on the issue as far back as May 1984, so this topic should have been of *even more* interest to him.

A close comparison between this article and another that Raphael had penned about lobbyists published five years earlier on 1 July 1984, shows that it is, essentially, a rehash of the same piece with swathes of identical text, but with some important differences.

In the 1984 article Raphael had recorded a startling allegation by an unnamed lobbyist — that 'an MP would table a written parliamentary question for £200.' Significantly, only one lobbyist, Ian Greer, was propositioned with this allegation — and this was the *only* mention of Greer.

However, the new article carried the same startling 'cash for questions' allegation but with far greater emphasis, and Greer positively dominated the piece with *eight* mentions in total. Equally significantly, the new article carried another allegation, that 'some select committee chairmen have been bought.' The person who was attributed to this allegation was lobbyist Charles Miller, who happened to be a former employee of Ian Greer Associates.

The article was entitled: '*A £10m TRADE IN INFLUENCE*'. Above the headline were listed six bullet points, comprising of four statistics plus the two dynamite allegations:

1. One in three MPs acts as a paid parliamentary consultant
2. Forty firms now trade as parliamentary consultants, with a total income exceeding £10 million
3. A brochure produced by Lloyd-Hughes Associates claimed that the company could arrange private meetings 'with eminent personalities, including Cabinet ministers, the Queen's private secretary and men

at the very top of the UK Diplomatic and Home Civil Service

4. Twenty MPs' research assistants are full-time employees of lobbying companies

5. **According to a lobbyist: 'Some Select Committee chairmen have been "bought" — I have found a large number of venal MPs'**

6. **According to lobbyists, the pursuit of private interests in the Commons commands the following rates:**

Written question.....£200
Alteration of major legislation.....£40,000

OPEN FILE: ADAM RAPHAEL reports on the PR industry's Commons offensive.

Tory MPs at a recent private meeting of the Conservative [back-bench Trade and] Industry Committee were surprised to see a professional lobbyist, Ian Greer, sitting at the back of the room, scribbling notes. Apart from those invited to address the committee and party researchers, only Conservative MPs are allowed to attend meetings of backbench MPs. The lobbyist's presence was explained by the fact that the visiting speaker was Sir John Clark, the chairman of Plessey, which Greer's firm, Ian Greer Associates, is representing in its take-over battle with GEC. But some MPs attending the committee strongly objected.

'This is the first time in all my years in the House that a lobbyist has attended a backbench meeting,' said one of those present. 'I regard it as a disturbing commercial intrusion.'

Greer, who has close links with the Conservative Party, says he is amazed that anyone should have even privately resented his presence. 'If I had known it caused concern, I would have left immediately,' he said, claiming that it was 'a grey area'. He also noted that the committee's chairman, Michael Grylls, MP for Surrey North West, raised no objection...

The lobbyists' tariffs vary. But according to one informed source, the rate for asking an MP to put down a written question is £200, though 'one-off' payments of this kind are very much the exception...

That single issue of *The Observer* provided the Labour Opposition with enough material to sling at the Tories to keep them occupied for months. The only problem for any pugnacious Labour MP would have been which article to select from the four to bash the government with. The following day in the Commons during Points of Order, Labour MP Max Madden zeroed in on Adam Raphael's piece about the rising influence of lobbyists in Westminster:

Max Madden:

"On a point of order, Mr Speaker. I apologise for not giving you notice of my point of order, but I expect that the article by Adam Raphael in yesterday's edition of The Observer has been brought to your attention because it makes serious allegations about the workings of the House. In the article, Mr Charles Miller, of Public Policy Consultants, is quoted as saying that some Select Committee Chairman had been bought. He says: 'I have found a large number of venal members of Parliament.'

"The article makes a number of serious allegations, including allegations that some research assistants employed by Members are full time members of companies that are professional lobbyists of this House. The article is headlined: 'A £10 million trade in influence'.

"It makes serious allegations that I ask you to consider. As there is a large range of matters affecting a number of committees, I should be most grateful if you would consider this matter with a view to requesting the appropriate Committees to interview Mr Miller and to consider other steps that could be taken to clean up what is being rapidly seen as a corrupt, or potentially corrupt, House of Commons?"

The Speaker responded by stating that he had, of course, seen the article, and that the Select Committee was taking evidence on the issue.

The Speaker then called Alan Williams, Labour MP for Swansea West. Like Dale Campbell-Savours, Williams collaborated regularly with *Guardian* journalists (in his case David Hencke), and he also sat on the Members' Interests Committee regularly. Like Campbell-Savours, Williams also made the most of David Leigh's *Observer* "Cementation Affair" articles of early 1984 attacking Mark Thatcher and his mother. (Like Campbell-Savours, Williams would also later collude with *The Guardian* over its 'cash for questions' campaign — see the document entitled "**The one that got away**" in **Section Two** of *Guardianlies.com*).

However, despite his previous eagerness to cite *The Observer's* articles to attack Margaret Thatcher over her son's dealings in Oman, Williams also passed up the opportunity afforded by Michael Gillard's front-page article to attack her on her dealings with Mohamed Al Fayed and the Sultan. Similarly, despite his interest in lobbyists and Members' interests, Williams also passed up the opportunities

afforded by the amazing allegations in Adam Raphael's two articles. And, though he would normally have been expected to round on Government Ministers who made ill-advised comments off-guard, Williams also passed up the opportunity to throw back in Lord Young's face his gaffe on the *Today* programme that the Fayed's had acquired Harrods via 'wrongdoing'.

Instead, like Dale Campbell-Savours, Williams demonstrated a hitherto unseen consideration for the Government by forgiving Lord Young for his slip-of-the-tongue, and proceeding to quote from an article written by Clive Woolman in that morning's *Financial Times*, which revealed that the Inspectors' report had found its way into Tiny Rowland's clutches via a leak within the Serious Fraud Office or the DTI.

Next to speak was Labour MP Jeff Rooker, who asked when he would be allowed to table questions to the Attorney-General on the Harrods sale.

Labour MP Dennis Skinner then rose from his seat:

"On a point of order, Mr Speaker. I have been listening very carefully to the points of order that have been raised this afternoon... My hon. Friend the Member for Bradford, West [Max Madden] asked about an article in The Observer, which claimed that Members of Parliament who table questions on behalf of somebody else can get £200 a time, and you had to say, 'Sorry, it's none of my business...'

"This afternoon, we shall be debating the Electricity Bill... If we had a proper system in this cock-eyed place we would be debating those.. issues and not the Electricity Bill."

The next MP the Speaker called was Dale Campbell-Savours. However, like Williams he too passed up the opportunity to quote from these articles to criticise the Prime Minister or Lord Young. He also restrained himself from quoting the corruption allegations in Raphael's two pieces about lobbyists and MPs' outside interests, about which he had demonstrated an all-consuming interest over the years.

Instead, Campbell-Savours launched another vitriolic attack on *The Observer*. Like Alan Williams he began by referring to Clive Woolman's article in that morning's *Financial Times* about the leaking of the DTI report, before proceeding to announce officially his new campaign against *The Observer*:

Dale Campbell-Savours:

"I ask you to be most diligent, Mr Speaker, when dealing with the article, and especially the statement which clearly emanates from the serious fraud office. Will you examine the article on the basis that I intend to table a long series of motions that will bring into the public domain hitherto unpublished material that sets out what happened in Lonrho and what appeared in the Lonrho Broadsheet over the past few months during which Mr Tiny Rowland has been pursuing the Al Fayed's."

Though the Government benches remained grateful for his unlikely 'conversion' to their cause, Campbell-Savours' *volte-face* continued to make no sense to anyone except Williams and other of his confidants.

The Speaker next called Labour MP Martin Flannery, who, like his colleagues Max Madden and Dennis Skinner, obviously thought it much better for his party to use *The Observer*'s stories to attack the Government, rather than follow Campbell-Savours' new example by turning on *The Observer* for providing them with such high quality ammo:

Martin Flannerty:

"Further to the point of order raised by my hon. Friend the Member for Bradford, West [Max Madden]. I note that the Leader of the House is in his place. The article which appeared in yesterday's edition of The Observer which was written by Mr Adam Raphael reveals a state of affairs that should concern every hon. Member.

You know as well as I do, Mr Speaker, that the majority of the lucrative consultancies within the House are held by Conservative Members. Most of the consultancies that are held by Labour Members relate to trade unions. Any other consultants on the Labour Benches should be ashamed of themselves. The article to which I have referred reveals that extremely important individuals on the Government Benches have masses of directorships and consultancies, and that some of them are in charge of committees... They know that vast sums are being made by some hon. Members, largely Conservative Members... They are making millions out of their activities..."

While his Labour colleagues continued to feed on *The Observer's* handouts, Campbell-Savours tabled a written question to the Attorney-General, Sir Patrick Mayhew, asking if he intended to prosecute *The Observer* for publishing extracts from the DTI report.

Meanwhile, over at *The Observer*, Donald Trelford was no doubt shaking his head in disbelief for the third time in as many weeks. He probably could not understand why Raphael's two articles had not been picked up by Campbell-Savours and Williams. Trelford would have expected that these two key MPs would have used the articles to start up another 'virtuous circle' between the Labour back-benches and his newspaper, resulting in a right proper 'Cementation-style' brouhaha about Tory MPs' interests and lobbyists that would have resulted in another media feeding frenzy.

Trelford would have been encouraged that the story had at least been picked up by Max Madden, Dennis Skinner and Martin Flannery. After deciding that the issue was too good to let die, Trelford opted to give it another airing in the next issue, but this time with increased status as a major editorial.

Meanwhile, on 13 April Campbell-Savours got his new campaign into gear. Using information supplied by Mohamed Al Fayed's legal adviser Royston Webb, he tabled a lengthy parliamentary motion claiming that Home Secretary Michael Howard MP had close family links with a man called Harry Landy, who was a director of one of Lonrho's subsidiaries, London City and Westcliffe Properties Ltd. Campbell-Savours stated that this was a cause for concern, given that Howard, when Corporate Affairs Minister, had been responsible for recommending the appointment of the DTI inspectors' investigation into House of Fraser — the insinuation being that Howard's 'close' relationship with Landy had coloured Howard's decision to appoint the inspectors. The motion ended by calling on Tiny Rowland to divest himself of control of *The Observer*.

Campbell-Savours tabled a second motion the same day, pointing up the fact that Michael Howard, when Corporate Affairs Minister, had answered a series of written questions relating to the House of Fraser sale. It ended by calling on Howard to make a statement.

In fact, Howard's kinship with Landy was remote (Landy's father was the brother of Howard's grandmother), and the two had not spoken for years.

Three days later on Sunday 16 April *The Observer* carried a second re-hash of Raphael's story about Tory MPs' consultancies, but this time as the lead article on the editorial page. It was entitled: 'Members who lobby in their own interest: ADAM RAPHAEL says too many MPs are climbing on to a financial gravy train that brings the Commons into disrepute.'

However, Dale Campbell-Savours and Alan Williams once again resisted the temptation to raise the issue in the Commons. So, without their co-operation, *The Observer's* new campaign thus ground to a halt before it had even got going. Beneath the surface, however, scores of political journalists throughout the British media had taken notice of Raphael's stories.

Three left-wing journalists in particular would devote much time to investigating Conservative MPs' outside interests and Ian Greer's lobbying company. The group consisted of (1) a *Guardian* parliamentary journalist and former Soviet spy named Andrew Roth; (2) a reporter working for Granada TV's *World in Action* called Mark Hollingsworth; (3) Raphael's 'colleague' on *The Observer*, David Leigh (who was now merely biding his time as *The Guardian's* and Campbell-Savours' inside man at *The Observer*); and (4) Dale Campbell-Savours himself, the *Guardian's* principal Commons insider.

This 'Group of Four' arguably possessed more power to influence the news agenda in Britain than the Government itself.

Andrew Roth had developed a reputation for knowing everything there was to know about MPs' political traits, business interests and so on, which he encompassed each year in a journal called *Parliamentary Profiles*. Roth held an office in the basement of an office block (since demolished) opposite the Palace of Westminster, which was also used by some MPs for their own offices. He was the natural port of call for any political journalist wanting to know the inside gossip on what was happening at Westminster.

Mark Hollingsworth had developed a reputation as a determined journalist on *TV South*'s current affairs programme *Facing South*, before becoming a member of Granada TV's *World in Action* team the previous year. He had contributed many articles to the left-wing *New Statesman* and *The Observer*, and written a number of radical left-wing books. His first, *'The Press and Political Dissent'*, was published in 1986. His second, *'Blacklist — The Inside Story of Political Vetting'*, co-written with *Guardian* journalist Richard Norton-Taylor, was published in 1988. His third political book, *'The Economic League — The Silent McCarthyism'*, co-written with Granada Television's chief of factual programmes Charles Tremayne, had been published only three months earlier on 9 January.

David Leigh, thanks to the championing efforts of his parliamentary collaborator, had established a name for himself as the doyen of investigative journalists.

And so, while the three journalists got on with their vocation of digging up the dirt on Conservative MPs, Campbell-Savours got on with his new job as newspaper 'delivery boy' extraordinaire. He would continue to grasp any opportunity, however tenuous, to discredit Tiny Rowland's proprietorship, and Donald Treford's editorship, of *The Observer*.

Accordingly, two days later on 18 April Campbell-Savours tabled a lengthy motion congratulating *Observer* journalist John Sweeney for an article about the illicit eavesdropping activities of a certain David Coghlan, *but with the rider that article would probably have been censored had it included material that was against the interests of Tiny Rowland*. The motion ended by calling on Tiny Rowland to divest himself of control of *The Observer*.

The next day 19 April Campbell-Savours tabled another lengthy motion. It alleged that Lonrho's Group Chairman, Sir Edward du Cann, had failed to honour a personal cheque for £25,000 *as a consequence of being imbued with Lonrho's business ethics*. It ended by calling on Tiny Rowland to divest himself of control of *The Observer*.

Five days later on **24 April 1989** Dale Campbell-Savours tabled another three lengthy motions. The first alleged that Dr Ashraf Marwan (a former Egyptian diplomat, House of Fraser shareholder and friend of Tiny Rowland) had planned to employ the services of David Coghlan to bug the telephones at Mohamed Al Fayed's apartment block at 60 Park Lane, and that Lonrho must have been involved in some way.

The second alleged that Dr Marwan had been prepared to pay David Coghlan £5,000 per phone-tap per line, and that Dr Marwan's intention had been to record Fayed's private conversations with his legal advisers.

The third alleged that the phone tapping operation subsequently took place; that David Coghlan passed tape-recordings to an alleged associate of Dr Marwan; and concluded by calling on John Sweeney to write another article about Coghlan's alleged phone-tapping exploits on behalf of Lonrho. All three motions ended by calling on Tiny Rowland to divest himself of control of *The Observer*.

The next day of **25 April** Campbell-Savours tabled another lengthy motion. It noted that *The Observer* had given credibility to David Coghlan's claims by publishing John Sweeney's article about him; and speculated whether the article would have been spiked by Tiny Rowland or Donald Treford had they known of David Coghlan's other alleged exploits on behalf of Dr Marwan. It ended by calling on Tiny Rowland to divest himself of control of *The Observer*.

The next day of **26 April** Campbell-Savours tabled another lengthy motion. It noted that Tiny Rowland had denied David Coghlan's claims that he had been employed by Lonrho and called on Rowland to sue *Private Eye*, which had repeated the allegations. The motion concluded that any failure to sue *Private Eye* would be an admission of guilt, and ended by calling on Tiny Rowland to divest himself of control of *The Observer*.

Meanwhile, four days later on **30 April**, *The Observer* published another front-page headline story by Adam Raphael. It claimed that his 'Tornado Rip-Off' story from six few weeks earlier had resulted in new allegations being investigated. The story was entitled: *'Tornado "bribes" inquiry'*:

Allegations that bribes have been paid to British citizens with close contacts to the Government have triggered an official investigation into the £15 billion sale of Tornado fighter-bombers to Saudi Arabia.

The Comptroller and Auditor General, Mr John Bourn, announced the inquiry to a closed session of the Public Accounts Committee last week after receiving information from a senior Privy Councillor that huge ‘commission payments’ may have been paid to secure Britain’s biggest-ever arms deal.

The allegations of bribery were apparently passed to the National Audit Office shortly after *The Observer* published an exclusive article on 19 March headed ‘Tornado Rip-Off’. This detailed the ways in which the Tornado export price had been inflated by commission payments made to agents of British Aerospace in order to ‘sweeten’ arms sales to Saudi Arabia and Jordan. Four days after the article appeared Jordan postponed indefinitely its £800 million order for eight Tornados, saying it could no longer afford them....

Like Raphael’s earlier ‘Tornado’ article, it was gift to those who sought to embarrass the Conservative Government. However, the next day in Parliament, mindful of his new *Guardian* job, Campbell-Savours once again restrained himself from citing *The Observer* to stir up trouble for the Tories. Instead, he consulted his inside man at *The Observer*, David Leigh, who set about writing up a parliamentary motion for Campbell-Savours to table alleging that the article was another manifestation of Rowland’s unsuitability as a newspaper proprietor.

And so, two days later on Tuesday **2 May**, Campbell-Savours tabled a lengthy motion castigating Raphael’s story as a total fabrication. It ended by calling on Tiny Rowland to divest himself of control of *The Observer*.

The next day of **3 May** Conservative MP Neil Hamilton tabled the last of his three short parliamentary motions since his first, tabled two years earlier on 10 March 1987. It probed Lonrho’s trade links with Libya:

That this House notes with concern the close links between Lonrho, its subsidiary Tradewinds, and Dr. Ashraf Marwan, a close friend of Colonel Gaddafi and the Libyan regime; takes account of serious security implication; and calls for an immediate investigation into the company’s operations.

Two weeks later on **15 May**, no doubt encouraged by the unlikely support from the Opposition benches, Tim Smith tabled a short motion alleging that the independent directors of *The Observer* had failed to stop abuses by Tiny Rowland. This was Smith’s only EDM relating to the Lonrho/Fayed battle.

Chapter Four

Defend an Enemy and Smear a Friend — — All Part of the Plot

On **16 May 1989** Campbell-Savours tabled three lengthy motions lambasting *The Observer's* story from 12 January 1986, which had told how in October 1984 Mark Thatcher and Mohamed Al Fayed had flown together in Fayed's private jet to visit to the Sultan of Brunei.

The first motion alleged that the story was false.

The second motion noted that the story had been criticised by David Leigh, and called on *The Observer* to make the fullest apology to Mark Thatcher. This is despite (a) David Leigh having authored a sustained, three-month long vitriolic campaign against Mark Thatcher between January and April 1984 over his involvement with Cementation in Oman, and (b) Mark Thatcher being the despised son of Campbell-Savours' & Leigh's even more despised hate figure, the Conservative Prime Minister.

The third motion noted that four affidavits had since been produced denying this story. These included one by Han Ling of the *Borneo Bulletin*, whom *The Observer* (and, inadvertently, *The Sunday Times*) claimed had confirmed Mark Thatcher's & Fayed's visit, and another by the senior Brunei civil servant, whom *The Observer* claimed had written a statement also confirming the trip.

All these motions were in spite of (a) Campbell-Savours' championing this same story in the Commons on 20 January 1986 eight days after its publication; (b) the continued absence of a denial by Mark Thatcher; (c) there having been no previous suggestion from Campbell-Savours (or anyone else except Fayed) that the story was false; (d) the absence of any reliable evidence to disprove the story from Fayed, such as the flight movements of his private jet for the dates in question showing that his aircraft had been elsewhere.

The point about Fayed not providing his flight log is an important one. During the DTI Inspectors' investigations in 1988 into the House of Fraser sale, Fayed had disputed a claim by Tiny Rowland that he, Rowland, had flown to Lusaka, Zambia, on 4 February 1984, in Lonrho's executive jet. On pages 66-7 of the DTI report the Inspectors describe how Rowland's production of his aircraft's flight log had satisfied them of the truth of Rowland's version of events. So, given that Fayed's story had been disproved by such evidence it would certainly have occurred to the Egyptian that producing his own flight log would have been powerful proof in disproving *The Observer's* story about Mark Thatcher's visit to Brunei. Yet he didn't.

All three of Campbell-Savours' motions ended by calling on Tiny Rowland to divest himself of control of *The Observer*.

Two days later on 18 May Campbell-Savours tabled two lengthy motions condemning *The Observer's* editor, Donald Trelford, for kow-towing to his proprietor. Both ended by calling on Tiny Rowland to divest himself of control of *The Observer*.

Then, on **23 May 1989**, Adam Raphael — arguably the most outspoken journalist at the time on the subjects of MPs' outside interests and the rising influence of lobbyists at Westminster — gave his thoughts to the Members' Interests Committee — of which Dale Campbell-Savours was a member. Raphael's articles on the subjects had led the Conservative chairman, Sir Geoffrey Johnson Smith, to call him to give evidence as part of the committee's ongoing investigations into these two issues.

As he responded to a question from Conservative MP Robert Adley, Raphael took the opportunity to address the smears against him made by Campbell-Savours, sitting opposite:

Adam Raphael:

"I recognise that I am speaking under privilege here, but unlike some people I do not believe in voicing allegations under privilege which I am not prepared to voice outside this place. Anything I say here, I would be prepared to say outside this House of Commons. I think it is actually an abuse of privilege for people to throw mud and smear individuals under privilege. I say this with some feeling because in recent days I have been a victim of just that sort of smear...."

After answering questions from committee members Peter Griffiths, and Sir William Shelton, it was then the turn of Dale Campbell-Savours. He opened his questioning by complementing Raphael on his journalism:

Dale Campbell-Savours:

"Can I say to you that I do not find your evidence in any way confusing. I think you are being most clear. I agree with you in much of the evidence that you are giving and I support wholeheartedly the thrust of your article which, along with other Observer journalists, have been well written in my view and have made a major contribution to this debate...."

And later:

Dale Campbell-Savours:

"Can I now turn you to the principle of the conflict of interests. You wrote an article on 16 April, 'Members Who Lobby In Their Own Interests'. Under a paragraph 'A Frank Disclosure', you said 'At the heart of the issue of conflict of interests are two unresolved problems: the failure of MPs to agree on a basic code of conduct and the need for franker disclosure on the relationship between MPs and those who seek to influence their conduct for reward'. Could you perhaps illuminate further on what you believe to be or what constitutes conflict of interests as a proposition? What is conflict of interests?"...

"...On the question of conflict of interests can I put to you a scenario set against a background of the interpretation that you have placed on conflict of interests and it involves yourself. I should like to see how you would argue and rationalise it publicly against the issues which you quite rightly have raised in this Committee. When you contacted Mr Wolfgang Michell, an agent and representative for Lonhro on 28 February 1989 at Lonhro headquarters and you were given a briefing on Jordanian/Malaysian arms dealing, including information on the Tornado contract and the role played by British Aerospace, did you feel that in writing an article about these matters in a Lonhro owned newspaper you might be furthering in any way the interests of Lonhro? Did you feel as a journalist that that was a conflict of interest in any way? It might be that you did not, but I should like to see how you felt."

Adam Raphael let rip:

"I very much welcome the opportunity to respond publicly to the charges you have been levelling under parliamentary privilege. Whether I am allowed to and whether the Chairman lets me get on with it we will see.

First of all, I think it should be known that when Mr Rowland tried to take over The Observer I gave evidence to the Monopolies Commission saying that he was not a satisfactory owner as far as The Observer was concerned. My advice was disregarded by the Monopolies Commission. The fact that Mr Rowland did not fire me says something about the nature of his ownership and the fact that I have continued to work for The Observer I hope continues to suggest that I am an independent journalist who prizes his independence and frankly there are lots of other employers around - Mr Rupert Murdoch, Maxwell. Life in Fleet Street is not an easy one.

Dale Campbell-Savours:

"Could we get to the conflict of interests?"

Adam Raphael continued to lay into his accuser:

"I wanted to give that background first of all because basically you have made a number of attacks, trying to smear me, suggesting that I am wearing the proprietor's hat. I wanted to indicate that I am not. Of course one considers every time one is given a story. Some of the best stories in my life have come from criminals and one story that was given to me by a criminal led to the dismissal and the imprisonment of two Scotland Yard police officers. As a journalist you look at information from wherever it comes and of course if the source is for some reason questionable, as it undoubtedly is if it is given to you or it comes indirectly from your proprietor, then you look at it with great scepticism and great care. I have just spent something like 2½ months after this arms dealer came - he gave me some very sketchy information. Most of the information in the articles, if you have re-ad them carefully - or I can go through them with you - was actually not based on the information given by the arms dealer; most of it was acquired independently from within Whitehall, from sources I have known for 30 years. I personally am quite proud of those stories and I think they have performed a public service. Of course where I think the scandal lies is that people like yourself can attack me under parliamentary privilege and the fact that the rest of Fleet Street does not bother to try to find out whether the stories are correct or not - after all they should be. If they are correct they raise a matter of very considerable public interest; if they are not correct then

they should be followed up and denounced as such. In fact nothing like that has happened. All that has happened is that you have put down a series of libellous motions attacking me and attacking my proprietor without a shred of evidence...."

The Chairman then interrupted. Later, under further questioning from Robert Adley, Raphael referred to the negative publicity being generated in the British press as a consequence of Campbell-Savours' activities:

Adam Raphael:

"I really do think :you underestimate what happens in this place. You only have to have a series of motions from Mr Dale Campbell-Savours and it starts commanding large amounts of space in newspapers because obviously libellous motions in particular are meat and grist. Anything which is covered by parliamentary privilege...

"To purchase the sort of space that Mr Campbell-Savours has been getting recently would cost him many millions of pounds. But by using early day motions in this fashion... You underrate the influence that even an early day motion, which I absolutely agree with you is a totally discredited form of communication within this House, but outside it has a considerable power."

Two days later on **25 May**, Campbell-Savours tabled another lengthy motion condemning Trelford for kow-towing to his proprietor. It ended by calling on Tiny Rowland to divest himself of control of *The Observer*.

Meanwhile, right on cue, David Leigh started making noises within the ranks at *The Observer* that Tiny Rowland had been meddling in the running of the newspaper. And so, two weeks later on **7 June**, *The Observer's* journalists' union voted 45:5 to ask the paper's independent directors to investigate David Leigh's allegations of editorial interference.

A week later on **13 June** Campbell-Savours tabled two lengthy motions. One condemned Donald Trelford again for kow-towing to his proprietor. The other called on the Government to prosecute Lonrho for transgressions relating to alleged sanctions busting with Rhodesia and other alleged activities during the 1970s. Both ended by calling on Tiny Rowland to divest himself of control of *The Observer*.

The next day on **14 June 1989** Campbell-Savours tabled a lengthy motion alleging that Lonrho directors had lobbied the DTI not to publish the DTI inspectors' 1976 investigation into Lonrho. It ended by calling on Tiny Rowland to divest himself of control of *The Observer*.

Five days later on **20 June** Campbell-Savours tabled two lengthy motions. One reported that *The Observer's* former deputy editor, *Guardian* journalist Anthony Howard, and *The Observer's* journalists David Leigh & Paul Lashmar, had either implied or alleged that Tiny Rowland had interfered in the editorial content of the newspaper. The other condemned Donald Trelford for kow-towing to his proprietor. Both motions ended by calling on Tiny Rowland to divest himself of control of *The Observer*.

A week later on **27 June** *The Observer's* independent directors released their findings into David Leigh's allegations that Tiny Rowland had interfered in the editorship of the newspaper. They found no evidence to support Leigh's claims and rejected them accordingly. *The Observer's* journalists' union accepted the independent directors' verdict overwhelmingly.

Two days later on **Thursday 29 June**, right on cue and regardless of the findings of the inquiry into his complaint, David Leigh resigned from *The Observer*, claiming editorial interference by Tiny Rowland.

Four days later on Monday **3 July**, the whole front page of *The Guardian's* influential *Media* section was dedicated to David Leigh's resignation from *The Observer*. The leading article, by Leigh, was entitled: 'Why I quit *The Observer*.' It ended:

The independent directors' response to this tale of Lonrho's involvement in helping to implant stories in *The Observer* was to issue a report which referred to little of the key evidence and criticised none of the parties concerned. They

spoke of “conflicting evidence” and “sharply differing recollections.” There was no “hard evidence” of Lonrho pressure.

I felt ashamed. This was not journalism as I knew it, and it was not *The Observer* that I had originally gone to work for. I felt it had become a sick newspaper. How could I write stories exposing conflicts of interest in MPs and businessmen, when no-one seemed sufficiently concerned about potential conflicts of interest in my own newspaper?

As Trelford had said, in his fighting days, *The Observer*'s reputation was all it had. I decided to quit.

A smaller article appeared alongside, entitled: ‘*What the editor said*’, supposedly balancing David Leigh’s piece by summarising Donald Trelford’s repudiation of Leigh’s charges. However, Trelford had no part in its composition and it gave a weak impression of his position.

Another article, entitled, ‘*Hard lessons in the power game*,’ appeared across the lower third of the page. Billed as having been written by the editor of the *Scotsman*, Magnus Linklater, it explained ‘*why independent directors can’t control proprietors*.’ The impression was that this was an independent viewpoint. No mention was made of the fact that Linklater was David Leigh’s former News Editor at *The Observer*, where the two enjoyed a particularly close relationship (and also enjoyed complete freedom under Trelford).

That same day in the Commons Campbell-Savours tabled another three lengthy motions attacking Rowland’s proprietorship of *The Observer*. The next day of **4 July** Campbell-Savours tabled another three lengthy motions attacking Rowland’s proprietorship of *The Observer*. The next day of **5 July** Campbell-Savours tabled another three lengthy motions attacking Rowland’s proprietorship of *The Observer*. The next day of **6 July** Campbell-Savours tabled another three lengthy motions attacking Rowland’s proprietorship of *The Observer*.

Among these twelve motions included one noting that *The Observer*'s associate editor David Leigh had resigned; one noting that the independent directors of *The Observer* were investigating allegations of editorial interference; one noting David Leigh’s comments in *The Guardian* that *The Observer* had become a sick paper; and another noting comments in *The Guardian* that *The Observer*'s image had become tarnished.

There was no mention of the fact that *The Observer*'s independent directors and journalists’ union had both supported Donald Trelford’s and Adam Raphael’s rejection of Leigh’s charges. All twelve motions ended by calling on Tiny Rowland to divest himself of control of *The Observer*.

Meanwhile, Campbell-Savours’ new ally and former enemy, Mohamed Fayed, continued his attacks on Tiny Rowland and those MPs who had supported Lonrho’s stance. Prime among these was back-bench Conservative MP Teddy Taylor. Taylor had been particularly vocal in his criticism of the Government for delaying the release of the DTI report into House of Fraser, and he asked many oral and written questions on the matter. It was exactly this kind of pressure, from loyal Thatcherite Tory back-benchers like Taylor, that was providing the most pressure on the government to publish the report.

Consequently, Fayed ordered his private detective, Richard New, to write and send Taylor a series of defamatory letters attacking his credibility, all of which were copied widely to MPs across the House. As per usual, they were sent to in the name of a woman called Francesca Pollard, who was working in cahoots with Fayed to further her own private battle against Rowland.

Teddy Taylor recalled these attacks five years later in a letter to *The Daily Telegraph*:

... It is true that I asked many, many questions and wrote many letters to ministers about the House of Fraser issue. It appeared to me that there was something fundamentally wrong about the Government’s treatment of the House of Fraser bids and, more worrying, it seemed quite ridiculous to have a major inquiry into the issue [the DTI Inquiry] and then fail to publish it.

When I started asking these questions I started receiving threats. More significantly, **it was reported to me by a friend that a colleague in Parliament was peddling a story that I was on the payroll of the Lonrho company and that to that extent my views should be disregarded.**

Of course, I took up the issue with the rumour-mongering MP and he advised me that he had been supplied with the information by a “top source”. However, he agreed to stop his activities when I suggested that the “top source” should have a meeting with me.

However, rumours, however ill-founded, do not die. Over the past week I have had six approaches from newspapers and television companies asking about my business connections and, in one case, whether I was paid for each question.

Then we had the beginning of the Pollard correspondence. The lady explained that she was of humble origins, but the style of her letters, as they progressed, made it clear that there were authoritative links involved in the composition of the letters.

The whole business has been a rather nasty experience....

Teddy Taylor confirmed later that the rumour-mongering MP, who was putting it about that he had been bribed by Lonrho, was none other than Dale Campbell-Savours.

After ceasing his attacks on Teddy Taylor, Dale Campbell-Savours got on with the job of attacking Tiny Rowland (whom he had previously supported) and supporting Mohamed Al Fayed and Mark Thatcher (both of whom he had previously attacked).

In mid-July Campbell-Savours made two complaints to the Press Council. Acting as British Aerospace's defender, one attacked Raphael's 'Tornado bribes inquiry' story from 10 weeks earlier. Acting as Mark Thatcher's defender, his second complaint attacked *The Observer's* 12 January 1986 story about Mark Thatcher's visit to Brunei with Mohamed Fayed.

On **24 July 1989** Nicholas Ridley replaced Lord Young Young of Graffham as minister for Trade & Industry. The next day in the Commons during Prime Minister's question time, on live TV, Campbell-Savours attacked Rowland over his Tornado 'campaign' in *The Observer* (smearing Trelford and Raphael by implication).

Campbell-Savours asked Margaret Thatcher:

"On Mr Tiny Rowland's campaign in The Observer on Tornado, the House of Fraser and other matters, did the Prime Minister ever meet the Sultan of Brunei and discuss the takeover of House of Fraser? Is it true that the report by the independent directors of The Observer into that newspaper was a whitewash insofar as it believed Mr. Rowland when he said that he did not have links with Dassault, while at the same time Lonrho employees were busily briefing Fleet Street, especially Jon Craig of The Sunday Times, saying that there were commercial links between Lonrho and Dassault? Is it not time that Mr Rowland divested himself of control of The Observer?"

Between **24 July** and **28 July 1989** Campbell-Savours tabled a further twelve parliamentary motions attacking Rowland's ownership of *The Observer*. These included a motion noting his complaint to the Press Council over Adam Raphael's 'Tornado bribes' story; a motion noting his complaint to the Press Council over the 'Mark Thatcher-Brunei' story; another noting that Raphael's BAE bribes story and the Mark Thatcher-Brunei story were both false; another noting that *The Guardian* had stated that *The Observer's* circulation fell 7.2% in 12 months to 698,000; and another recalling that *The Observer's* Mark Thatcher-Brunei stories were written by the paper's editor, Donald Trelford. Each of these twelve motions ended by calling on Tiny Rowland to divest himself of control of *The Observer*.

On 6 November Dale Campbell-Savours tabled another lengthy parliamentary motion attacking Rowland's ownership of *The Observer*. It noted, among other things, that the mid-week special edition was based on a copy of the DTI report that had been leaked from the Fraud Squad. As usual, it ended by calling on Tiny Rowland to divest himself of control of *The Observer*.

1990

Between **15 February** and **1 March 1990** Dale Campbell-Savours tabled a further eight lengthy EDMs. These included one stating that the Monopolies & Mergers Commission should not have allowed Rowland to buy *The Observer*; another stating that files on Rowland carried by MI6 should have been available to the Monopolies & Mergers Commission prior to Rowland's acquisition of *The Observer*; and another noting a story in *The Guardian* that no one who worked on *The Observer* cared if Rowland sold it. All ended by calling on Tiny Rowland to divest himself of *The Observer*.

On **7 March 1990** Tiny Rowland's persistence paid off a second time when Trade & Industry minister Nicholas Ridley published the DTI Inspectors' report. As expected, it was a devastating indictment of Mohamed Fayed, against whom the Inspectors had compiled evidence that he was a serial liar, briber, blackmailer, character assassin, anti-Semite, and thief.

That afternoon, Trade Minister Nicholas Ridley made a statement on House of Fraser to the House of Commons, lasting all of two minutes. Once again, the Labour Opposition and back-bench MPs from all sides drubbed the Tory government's handling of the Harrods sale.

Labour Trade spokesman Mo Mowlan waded in, castigating former Trade Minister Norman Tebbit for clearing the Fayed's bid in less than ten days. One of Tebbit's successors, Paul Channon, who had approved Michael Howard's recommendation to appoint the inspectors three years earlier, asked Ridley why he had decided not to disqualify the Fayed's as company directors. Liberal Leader Sir David Steele suggested that to refrain from seeking disqualification would be tantamount to condoning a money-laundering charter. Norman Tebbit welcomed the publication of the report, and expressed regret that it hadn't happened earlier. Labour MP Robert Sheldon castigated the Fayed's for dishonestly acquiring House of Fraser by lying and cheating. Tory MP Anthony Nelson suggested that the Fayed's should be deprived of the ownership of the company. Former Labour Leader Michael Foot asked why the Attorney-General had not bothered himself to be present in the House for Ridley's statement. Tory MP Sir Peter Tapsell suggested that many people inside and outside the House would be astonished to learn that the Fayed's would not be disbarred as company directors.

Then, once again, Labour MP Dale Campbell-Savours broke ranks to offer Mohamed Al Fayed, and his enemies, the Tory government, his lone support by suggesting that non-corporate offers, such as the Fayed's, were not required under the take-over panel code to provide information about their financial background. Campbell-Savours then gave an astonishing oratory lambasting Tiny Rowland's character, and calling for his prosecution under four acts, including the Theft Act.

Tory MP Robin Maxwell-Hislop quoted from the Companies Act, which made clear that lying to Government Inspectors, whether under oath or not, constituted perjury, and thus was a criminal act. Nicholas Ridley agreed that that indeed was the case. Labour MP Harry Ewing suggested that the Fayed's were not being prosecuted because it was a simple case of one law for the rich and another for the poor. Tory MP Teddy Taylor suggested that at the very least the Harrods bank should have its authorisation withdrawn by the Bank of England. Labour MP Brian Sedgemore asked what political debts were being repaid when Norman Tebbit expedited the Fayed's acquisition. Conservative MP Kenneth Warren asked who was going to guard the public against the Fayed's, who he regarded as crooks.

The next day the British press vented its spleen on the Fayed's. The *Daily Mail* ran a four-page spread carrying headlines: *'The false Fayed's'*; *'From a Nile slum to a castle'*; *'This Ripping Yarn so short on heroes'*; and *'The day the Fayed mask slipped.'*

Over three pages *The Daily Telegraph* reported: *'The lies the Fayed's told'*; *'Were the Fayed's who they said they were?'*; and *'Deport them, demands MP'*.

But the most scathing criticism of all was carried by *The Guardian*, which covered the issue with a front page headline story by Ben Laurance, Michael White and Mark Milner; and a further nine articles inside the paper over three pages. The front-page story was headlined: *'Fayed's lied over Harrods'*. *The Guardian's* main feature, by Ben Laurance, carried the title: *'Lies, lies and more lies: the mountain that came from Mohamed'*, spread across two pages of the broadsheet. *The Guardian's* editor, Peter Preston, justified his paper's heavyweight coverage in an editorial, in which he castigated the Tories and Fayed's merchant bankers, Kleinwort Benson, and their solicitors, Herbert Smith, for testifying to the Fayed's false stories of their wealth *'without even bothering to check properly'*. Preston added: *'DTI*

Inspectors themselves assuredly need extra resources to check out cock and bull stories of the Al-Fayed variety'. The article was entitled, 'How lies bring their own reward'.

Later that day, Dale Campbell-Savours tabled an EDM stating that anyone who called Fayed a liar would be calling the Sultan of Brunei a liar too. It ended by calling on Tiny Rowland to sell *The Observer*.

The next day *The Guardian* ran a further six articles, including another leader entitled '*Guilty but grinning*', in which Peter Preston again lambasted the government and the Fayed for their '*gross and certified deception*'. Preston concluded that '*the Fayed's dishonest acquisition of Harrods and the other stores in the group must rank as one of the biggest financial rip-offs of the century*'. Later that afternoon in the Commons, during Prime Minister's Questions, Labour Leader Neil Kinnock waded into Margaret Thatcher. He lambasted the Government for not prosecuting the Fayed, who he described as '*proven liars who were guilty of deliberate and persistent dishonesty*.'

1991

On **11 July 1991** Dale Campbell-Savours tabled his final two of the fifty-eight lengthy and passionate EDMs he had tabled criticising Tiny Rowland's ownership of *The Observer*. His pro-Fayed ant-Rowland activities would later be completely ignored by *The Guardian*, on whose behalf he had served, and would continue to serve, on a number of fronts. And if *The Guardian* ignored them, as far as the British media was concerned, it wasn't worth reporting.

Chapter Five

More Evidence Vindicating *The Observer's* Staff

An examination of the events surrounding Campbell-Savours' and Leigh's unrelenting attacks on *The Observer*, based as they were on two convoluted complaints about two articles — both of which Campbell-Savours had previously championed in the Commons — and their cynical campaign to undermine the work and motivation of the paper's outstanding financial team, are themselves more than sufficient to render their allegations against Tiny Rowland, Donald Trelford, Adam Raphael, and *The Observer's* City staff, as the wicked baseless smears that they are.

However, there is other evidence which disproves further the *Guardian*-driven campaign to discredit Trelford and his staff as Tiny Rowland's obsequious servants.

Donald Trelford

The charge that Donald Trelford was 'Tiny's Poodle' is perverse, when seen in the light of Trelford's record of doing exactly the opposite of his proprietor's wishes.

The celebrated dispute between the two of April 1984, over a major *Observer* feature alleging tribal massacres in Matebeleland, Zimbabwe, is evidence enough. This dispute did indeed concern an *attempt* by Tiny Rowland to interfere editorially in *The Observer's* coverage of a story, but instead of knuckling under to his proprietor Trelford turned the issue into a public stand-off between himself and his boss and he promised to resign unless Rowland withdrew his threats to withhold Lonrho's planned investment in the paper.

Then, after forcing Rowland to back down, Trelford returned repeatedly to the same story and covered it in exactly the same fashion that had caused Rowland to blow his top.

The basis for their row concerned Tiny Rowland's considerable investments in Zimbabwe. These dated back to 1947, when Roland "Tiny" Rowland first emigrated to Southern Rhodesia to begin life as a farmer. Sixteen years later in 1963, after building up his own company, Shepton Estates, Tiny agreed to sell out to Lonrho (formerly the London & Rhodesia Mining and Land Company) in exchange for 1½ million Lonrho shares and his appointment as the Lonrho's joint managing director.

Two years later in 1963 Tiny was promoted to chief executive, and well on his way to fame and a personal fortune that would be grow to an estimated £200 million.

Following the Labour Party's election to government in 1964 new Prime Minister Harold Wilson began moves to de-colonise Rhodesia, with proposals to introduce democratic elections and thus black majority rule. But the white settlers, led by Premier Ian Smith, resisted. After a year of shadow boxing on 11 November 1965 Smith issued an illegal Unilateral Declaration of Independence (UDI). As a consequence, within ten days United Nations sanctions were levied against the regime, including far-reaching trade embargoes that would damage Lonrho's trading interests severely.

Following failed attempts to resolve the issue over the next thirteen years by the Tory and Labour governments of Edward Heath and Wilson/Callaghan, on 3 May 1979 Conservative leader Margaret Thatcher was installed in 10 Downing Street as Britain's first woman Prime Minister.

Her first objective was to solve the Rhodesia problem. Thatcher placed Smith under immediate pressure to cede power to the black majority. Within four weeks Smith handed power to an interim government headed by Bishop Muzeweya, prior to negotiations taking place in London later that year. Subsequently in December Ian Smith and his opponents signed the Lancaster House agreement, which would bring black rule and independence, turn Rhodesia into Zimbabwe, and its capital, Salisbury, into Harare.

In the shock election results that followed Marxist Robert Mugabe was installed as the new black Prime Minister, over the West's and Tiny Rowland's preferred candidate, moderate Joshua Nkomo.

Having backed the wrong horse, Rowland moved quickly to protect Lonrho's interests and soon established a working relationship with the new ruler.

And so, to return to *The Observer's* front page story of 15 April 1984. Headlined '*Survivors tell of tribal slaughter*', and by-lined 'Foreign Staff', the story began:

WIDESPREAD killings and torture have been carried out in Southern Matebeleland by troops of the notorious Fifth Brigade of the Zimbabwe National Army.

First-hand evidence from victims, revealed to the editor of *The Observer* on a visit to Matebeleland last week, shows the scale of suffering since a curfew was imposed on 3 February.

The evidence includes a detailed handwritten account by a man who dug a mass grave and watched his neighbours shot down by an officer who leaned against a tree and turned on his radio-cassette to cover the noise.

Other witnesses told of beatings and electric shock torture by the Central Intelligence Organisation (CIO) in Bhalagwe camp, near Kezi, from where bodies were taken away every day, some to be buried in the disused Antelope mineshaft nearby....

Inside on page nine a full page article by Donald Trelford entitled '*AGONY OF A LOST PEOPLE*' told the full story: thousands of followers of Joshua Nkomo had been beaten, tortured, raped, and murdered.

The articles endangered both Tiny Rowland's fragile relationship with Mugabe and Lonrho's Zimbabwean interests. Rowland immediately apologised to the tyrant, disassociated Lonrho from the story, and criticised Trelford openly for "dishonesty, discourtesy, professional incompetence and generally lowering the standards of the newspaper."

In the next issue of *The Observer* on **22 April**, in a front-page article by Laurence Marks entitled '*Rowland lists "Observer" options*', Rowland spelt out what he might do:

Firstly, to close down the paper, retaining the title.

Secondly, to sell the paper — and nobody's going to tell me who to sell it to

Thirdly, to remove Mr Trelford as editor.

Marks's story of claim and counter-claim between the two spilled over and occupied the whole of page five. In the paper's leader, entitled '*Proprietor versus Editor*' Trelford defended his report and called for the intervention of *The Observer's* independent directors — who had been installed to deal with such issues as a condition of the government's approval in 1981 of Lonrho's bid for the paper.

In the next issue of 29 April, in a front-page article entitled '*Tiny gives Observer full support*', Laurence Marks reported that an exchange of letters had taken place between the two, in which Trelford threatened to resign if Rowland did not carry out planned investment in the paper. To this Rowland replied that he and 'Bob Anderson' were in agreement that they should offer increased financial support until *The Observer* was number one in the field, and hoped that their misunderstandings were behind them.

Incidentally, the 'Bob Anderson' referred to by Rowland (above) was the then chairman of US oil giant, The Atlantic Richfield Company, which owned 20 per cent of *The Observer* (having formerly been its owner outright from November 1976 up to its sale to Lonrho on 9 July 1981). Yet despite this, during the 1982 Falklands War, *The Observer* of 23 May 1982 carried a story accusing Atlantic Richfield of having "*secretly defied a British warning about oil drilling rights off the Falkland Islands last year, by entering into negotiations with the Argentine Government for a drilling pact in waters claimed by Britain*" — hardly the stuff of a 'lapdog' editor.

But to return to the Zimbabwe article, any suggestion that Trelford's resoluteness might have been a face-saving sham, and that, perhaps, he had assured Rowland privately that he would not run any such story again, would have been disproved when *The Observer* returned to the subject of Mugabe's atrocities in Matebeleland exactly one year later.

On **14 April 1985** *The Observer* carried a major article by Richard Hall, entitled '*Mugabe's taming of Matebeleland*', in which Hall reported:

For the moment there is a relative lull in the Matebeleland violence with only a few killings as army patrols hunt down the shadowy ‘super-ZAPU’ dissidents in the bush. There are no more reports of mass graves. But stories which typify the ominous mood of Matebeleland are still plentiful...

A black high school headmaster complained that if his staff tell army interrogators they have not seen any ‘dissidents’ they are beaten for lying. ‘But if they say they have seen some, they are taken away for not reporting it earlier.’...

According to Nkomo, almost 400 of his ZAPU officials and rank-and-file members have been spirited away — more than 100 of them from the turbulent Nkayi area. ‘They lie unburied in the thickets of Zimbabwe,’ he said. ‘Mugabe’s party appears intent on defeating us by force of arms’...

Richard Hall returned to the subject again several times, including an article on **20 October 1985** entitled: ‘*Zimbabwe police torturers*’:

Torture is being widely used against political prisoners in Zimbabwe, says Amnesty International.

A report released today says that during interrogation in police stations the detainees are beaten on the soles of their feet, given electric shocks, and forced to drink quantities of salt water...

Arrests on political grounds are usually made by the Central Intelligence Organisation, responsible to a junior Minister in the office of Prime Minister Robert Mugabe. Torture is administered both by police and the CIO interrogators.

The suggestion that Trelford kow-towed to his proprietor is shown to be wholly without foundation. Indeed, the continued publication of articles hostile to Lonrho’s interests shows the charge to be the absolute reverse of the truth.

Adam Raphael

Adam Raphael stood accused of having written an anti-British Aerospace article after supposedly being cajoled by Donald Trelford, who himself was acting under orders from Tiny Rowland, all because Lonrho had business links with rival French aerospace company Dassault.

The very idea that Campbell-Savours & Leigh would believe that Rowland, Trelford, and Raphael would collectively act in such a way is absurd. But it is even more absurd that two arch-leftwing Tory-haters like Campbell-Savours and Leigh would then be so upset about such supposed activity that they would then embark on an unyielding crusade together to expose the matter.

Regardless, there is substantial evidence that exposes Campbell-Savours’ & Leigh’s activities as part of their heartless plot to wrest *The Observer* from Lonrho, of which Raphael’s and Trelford’s careers were, to them at least, merely expendable commodities. Intentional “friendly fire”, perhaps.

In fact, the first “BÆ bribes” story to appear in *The Observer* was actually published a full five years earlier on 12 February 1984, in a front page article by Richard Hall entitled ‘£22 million “sweetener” in Jaguar plane deal’. The piece opened up:

British Aerospace has been accused of agreeing to pay a £22 million commission on a contract for the sale of Jaguar fighter aircraft to Nigeria.

A year later on 14 July 1985 *The Observer* ran a story that was highly critical of Dassault, for endangering the prospects of the new planned “Eurofighter” aircraft. The article, written by Nigel Hawkes and Tony Catterall, was entitled: ‘*European fighter unlikely to get off the ground*’ and featured a photograph of the plane bearing the caption ‘*EUROPLANE: Downed by the French*’. It alleged:

During the long negotiations over the aircraft it was the French who were the odd men out. Not only did they favour a different type of aircraft, weighing around nine tons and optimised for a ground attack role, but they insisted that Dassault-Breguet should have design leadership and more than 30 per cent of the workload.

Furthermore, three years later on 3 July 1988 Business Editor George Pitcher had penned an *upbeat* British Aerospace story entitled ‘*BÆ’s Jordan deal*’, in which Pitcher announced:

The Ministry of Defence is poised to sign contracts with Jordan for the supply of Tornado aircraft in a deal that could mark the start of a major new export drive for British Aerospace.

Two months later on 11 September 1988 Pitcher penned another upbeat story about British Aerospace. In an item entitled '*BAe's crucial week*', Pitcher reported:

The Farnborough Air Show ended on a high note for British Aerospace with the signing of a £400 million-plus military contract with Jordan.

The deal — exclusively reported by *The Observer* in early July — is understood to be for eight Tornados and is expected to form the basis for Batch 8, the next major set of orders for BAE and its German and Italian partners.

Adam Raphael's '*Tornado Rip-Off*' story of 19 March 1989 is shown not to be the first 'BAe bribes' story, yet there was no suggestion that the earlier story was a Lonrho plant. Indeed, it would be hard to argue that it was, for the author of the first story of was none other than Richard Hall, who had proved his independent journalistic credentials with his scathing articles about Mugabe's rule in Zimbabwe.

The other articles discussed here — which are critical of Dassault and supportive of British aerospace — also bear out Raphael's and Trelford's claims that *The Observer* enjoyed complete editorial independence under Rowland's proprietorship.

Melvyn Marckus, Lorana Sullivan, and Michael Gillard

The smear that is among the most perverse is that *The Observer's* City editor, Melvyn Marckus, and his financial staff Lorana Sullivan and Michael Gillard, were merely doing their master's bidding by investigating and reporting on Fayed's fraudulent acquisition of House of Fraser, parent of Harrods.

The fact is, this was the greatest financial scandal for decades, as the press's reaction, following the publication on 7 March 1990 of the DTI Inspectors' report into the affair, bears out. *The Guardian* of 8 March carried ten articles covering more than three pages. A banner across the centre pages cried out "*Lies lies and more lies: the mountain that came from Mohamed*". The following day of 9 March *The Guardian's* editor Peter Preston described the Fayed's acquisition of House of Fraser as "*one of the biggest financial rip-offs of the century*".

Had the British press not withdrawn from reporting the Harrods affair and left *The Observer's* financial team isolated as the only ones who did, Marckus and his staff might have taken a more relaxed attitude. But having been passed, and uncovered for themselves, copious hard evidence of "*one of the biggest financial rip-offs of the century*" it would surely have been near impossible for any journalist of standing to walk away from it, protected as they were from Fayed's writs by Tiny Rowland's assurances unlike Britain's other financial journalists who had been intimidated by Fayed's lies and threats.

That their work happened to coincide with their proprietor's interests should not have had the repercussions that it did for their reputations — especially when the following facts are taken into account:

Fact No.1: Much to Tiny Rowland's dismay, the first newspaper that had fallen for Fayed's lies about himself and had given a positive interview of the Egyptian was actually *The Observer* itself, in a story published on 4 November 1984, two days after Fayed acquired (by deception) Lonrho's 29.9 per cent stake in House of Fraser.

Fact No.2: Following Fayed's acquisition of his prized 29.9 per cent Fraser shareholding Tiny Rowland lobbied the Department of Trade to release Lonrho from its undertakings not to bid for the company.

Rowland also lobbied *The Observer* to report his allegation that the Sultan of Brunei had facilitated Fayed's purchase. So, if *The Observer's* editors and journalists *had* been ready to act at Rowland's behest, one assumes that they would have been most active during this most crucial period, before Fayed had mounted his full bid, during which time support by *The Observer* would have been most valuable. However *The Observer* maintained silent right up until March 1985 by which time it was too late to stop Fayed winning control.

Fact No.3: The first newspapers to voice rumours that Fayed's purchase of Lonrho's Fraser shares had a "Far East" dimension, and that Fayed had been favoured with the Sultan's power of attorney, were actually *The Guardian* and *The Daily Telegraph* on 8 & 19 December 1984 respectively, not *The Observer*, though *The Observer* had been the first newspaper to be privy to such rumours.

Fact No.4: Far from being Tiny Rowland's "mouthpiece", the first issue of *The Observer* to contain an article written by its proprietor was published on 14 August 1988, when the paper carried Rowland's seminal piece entitled *The Harrods Scandal*. This was nearly four years after Rowland's battle with Mohamed Al Fayed began and over three years after *The Daily Telegraph* had afforded Rowland the same privilege on 29 March 1985.

Fact No.5: The first newspapers to publish articles dissecting systematically Mohamed Al Fayed's bogus portfolio of shipping and property assets were *The Guardian* of 21 March 1985 followed by the *Financial Times* of 31 May. It was only *after* these two newspapers withdrew their coverage under threat of legal action from Fayed that *The Observer* then picked up the gauntlet to expose the scandal.

Fact No.6: In an article entitled "*Guilty but grinning*," published in *The Guardian* on 9 March 1990 (i.e. two days after the release of the DTI Inspectors' report), *The Guardian's* editor Peter Preston acknowledged the undoubted importance of the scandal. Preston stated:

"The Fayed's dishonest acquisition of Harrods and the other stores in the group must rank as one of the biggest financial rip-offs of the century. If that isn't a matter of public interest, then it is difficult to know what is."

Fact No.7: in some 230 issues, from its first coverage of 4 November 1984 to the midweek special edition of 30 March 1989, *The Observer* published around fifty articles on the Fayed/Lonrho battle for Harrods i.e. less than one per month. All of these were reproduced in the paper's heavyweight Business Section. Only a small proportion of these were designated the lead story, and even less — a mere handful — made it into *The Observer's* main news pages. During the same period *The Observer's* Business pages published an estimated 3,000+ articles on other City stories.

Fact No. 8: despite the political uproar against the Tories that *could* have been harvested from the Fayed's deception of Margaret Thatcher's administration, during the five and a half years from November 1984 to the publication of the official DTI Inspectors' report on 7 March 1990, *The Guardian* published only **one** serious article examining the Fayed's false claims (the article mentioned in 'Fact No. 5, above, published on 21 March 1985).

Fact No. 9: On 8 March 1990, following the DTI report's release, *The Guardian* published some ten articles about the affair criticising: a) the Conservative Government; b) the Fayed's; c) the Fayed's

advisers. These articles filled *The Guardian's* front and centre pages and spilled over into its editorial section (these articles can be accessed from the index to **Section Six** of this website), thus confirming the sensational newsworthiness of the whole affair. However, though *The Guardian* portrays itself as a newspaper *owned* by journalists and *run* by journalists *for* journalists, and despite *The Guardian's* shared political standpoint with *The Observer*, *The Guardian* afforded no credit whatsoever to *The Observer's* financial team for bringing the scandal to light. Instead, the only journalists whom *The Guardian* singled out for praise were its own, for its solitary article of 21 March 1985.

Final Word

Of course, Dale Campbell-Savours, David Leigh, and Peter Preston could plead that their attacks on *The Observer* had nothing to do with *The Guardian's* predatory designs on the paper, and that they had criticised *The Observer* purely because, among other things, it had published a false story that had been unfair to Margaret Thatcher and her son.

They could also plead that they believed in editorial independence, and that the idea that a newspaper proprietor exerting influence over his editor appalled them. Except for three things: Firstly, neither Campbell-Savours nor David Leigh had ever criticised Tiny Rowland's ownership of *The Observer* previously, and by the time their campaign started Rowland had been the proprietor of *The Observer* for eight years since 1981. Secondly, for twelve months Rowland had also been the proprietor of the *Today* newspaper, since buying it from Eddie Shah in mid-1986 up to selling it to Rupert Murdoch in mid-1987. And neither Campbell-Savours nor David Leigh had complained about Rowland then.

Thirdly, in March 1998 an almighty furore broke out in the British media when staff on *The Times* admitted that their newspaper had tempered its criticism of the Chinese government, because proprietor Rupert Murdoch had asked for softer coverage as he had satellite TV ambitions there. This culminated in the resignation of Jonathan Mirsky, *The Times'* East Asia editor, who was retained as contributor on China. Two months earlier, Mirsky said:

"The Times has simply decided, because of Murdoch's interests, not to cover China in a serious way."

Paddy Ashdown echoed Mirsky's views in a question to Tony Blair in the Commons on 11 March 1998:

"When, in 1981, Rupert Murdoch sought to purchase The Times newspaper, the then Secretary of Trade and Industry, John Biffen, agreed to that purchase without reference to the Monopolies and Mergers Commission on the grounds of eight conditions to preserve editorial independence. Does the Prime Minister accept that gives his government responsibility to ensure that those conditions are upheld?"

This controversy over Murdoch caused the *Telegraph*, *The Guardian*, the *Independent* and other newspapers to kick up a stink about editorial interference that raged for weeks. **However, despite the fact that Murdoch was the Left's *bête noire* who was alleged to have ordered his papers to support the Conservatives during the general election campaign of 1992, for which *The Sun* had claimed credit for the Tories' victory, Campbell-Savours did not table a single parliamentary motion or written question, nor did he ever speak from the Floor of the House, regarding Murdoch's overt, undisputed interference.**

Nor did Campbell-Savours ever complain about the sway that other proprietors held over their editors either. Eddie Shah and Conrad Black were, if anything, even more "hands-on" in the running of their newspapers *Today* and the *Telegraph*; while Robert Maxwell of Mirror Group ran his papers like a tyrant.

Following a series of cutbacks and asset sales, and against Tiny Rowland's wishes, on 1 June 1993 Lonrho finally sold *The Observer* to *The Guardian* for £27 million. In the next Annual Report of Guardian Media Group, Chairman Henry Roche announced the purchase with satisfaction. "*The Guardian*", he confirmed, "*had wanted to buy The Observer for years*".

What influence Campbell-Savours & Leigh's activities had on the decision by the board of Lonrho to sell the Observer is open to speculation. But as a pair of 'newspaper-delivery boys' with a difference, they certainly did their bit.

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