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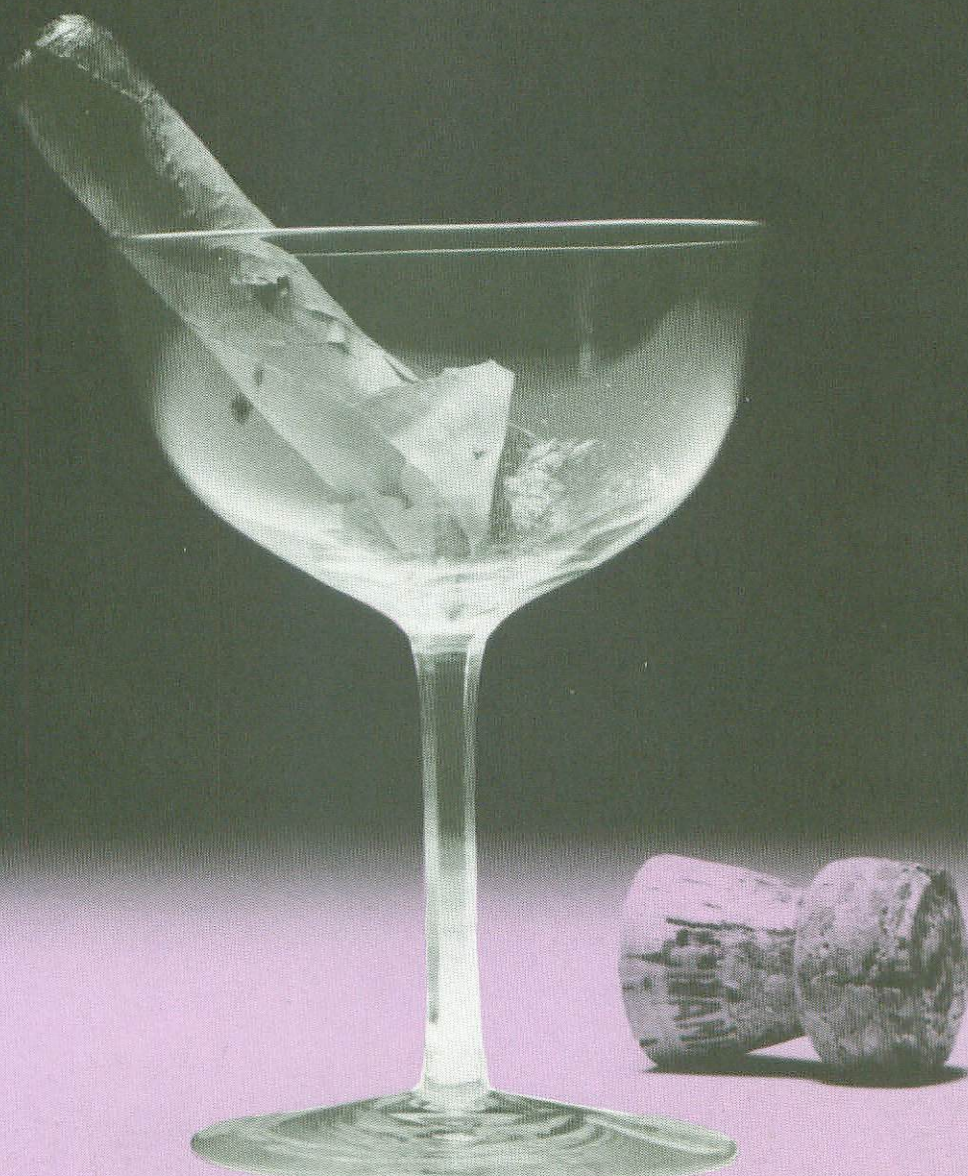
REPORT

THE WEALTHY



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THE WEALTHY

In the words of Margaret Thatcher, "The pursuit of equality is a mirage. What is more practical than the pursuit of equality is the pursuit of equality of opportunity. And opportunity means nothing unless it includes the right to be unequal."

The Conservative party came to power amid much talk of a revolution of the right wing, and the promise of political change to a new Britain of opportunity and private enterprise. Behind this rhetoric was the assumption that the pursuit of equality had been fundamental objectives of the Labour party, and that incentive and the opportunity for profit had been diminished. Further, the argument ran, this had caused the deep malaise and crisis dogging the British economy in recent years.

This is nonsense. By the time of Thatcher's assumption of power, the opportunities for profit were greater than they had been for years. The structure of British society, at the beginning of the most right wing Conservative government since the war, is as grossly unequal as it was fifty years ago.

Popperfoto

The Diamond Commission attempted to look at wealth in Britain. It revealed that the ownership of key assets and the means of producing wealth of this society are still concentrated in the hands of a tiny minority. This commission has now been abolished by the Conservative government. Yet what the Diamond Commission could never do was to analyse the power and privilege which serve to reinforce the interests of the rich and guarantee their continued wealth.

In this report we profile the ruling class and look at their wealth and the lives that this enables them to lead. Despite decades of governments pledged, in some degree or other to erode the dominance of the wealthy, their position and privilege is assured. Their ability to accumulate is unimpaired and more and more concessions are being granted to them to preserve their privilege.

Wealth creates wealth. The money markets and city institutions provide a continual profit for the money investments of the rich. By manipulating the government debt, the speculative millions acquired by financiers have severe consequences for the rest of society.

Under the guise of restoring opportunity, a massive shift of wealth is taking place to benefit a privileged minority.

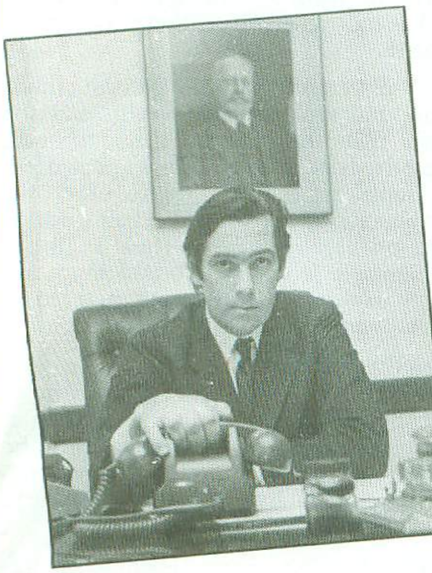
The policies adopted by the Conservative government are already leading to higher inflation and increasing unemployment. The cuts in income tax, one of the fundamental planks in the Conservative's election propoganda has been more than wiped out by the VAT increases and higher prices. The expenditure cuts are already taking their toll in the form of hospital closures, substantial increases in school meals and transport and a run down of the education services.

These policies are being enforced for and by a group of people whose lives are remote and isolated from the majority of working people but whose influence and power is decisive.

THE TOP ONE PER CENT

The massive fortunes of the moneyed class in Britain guarantee them material comforts, indulgences of huge proportions and political influence.

For our sample of the moneyed class in Britain we have chosen a few people whose fortunes guarantee them not only material comforts and indulgences of staggering proportions, but also political influence and protection from inconveniences like high taxation. The rich we have chosen fall conveniently into three broad categories. First, those who inherited their wealth from their ancestors. Second, the industrial capitalists, the managers or owners of large corporations in which they have personal stakes that can appreciate by millions of pounds in a matter of minutes. Then the carpet baggers, the men who have made the barrow-boy to millionaire transition.



Popperfoto

Lord Vestey

Samuel 'It's fun being a Lord' Vestey inherited three quarters of a million pounds at the age of 13 and then, when *still in his twenties*, took over the vast fortunes of his father. He owns the Union International meat empire, which controls the whole gamut of the business, from estates in Argentina, New Zealand, *Australia*, *Brazil*, South Africa and Canada, to the cold storage firms, the shipping lines which transport the meat, and the Dewhurst chain of butchers' shops in Britain.

Running the business with his cousin leaves plenty of time for other things. He is estimated to spend £100,000 per year on sport, about half of this on a polo team. Having 'bashed the chukka' with the likes of Prince Charles in games on his estates, the Lord might well take off for London in his own helicopter.

Although a frequent doyen of the gossip columns, singular efforts seem to have been taken to keep full knowledge of his business interests firmly out of the public eye.

Union International owned Midlands Cold Storage, the company in the centre of the docks dispute in August 1972. Five dockers were jailed for picketing the company premises, but were eventually released following mass union action. During the affair the dockers revealed that in contravention of the Companies Act, Midland was owned by Union International through a nominee arrangement to conceal its true ownership. Vestey later claimed that this was some kind of "clerical error".

Publicity like this is clearly to be avoided. It is especially unwelcome when it compares the high life of Belgravia to the tin huts, lack of sanitation and bad water of the aborigines on Vestey's estate in New South Wales, Australia. While the white settlement on the farm had sprinklers keeping the garden fresh, the aborigines were having difficulty trying to claim 40 square miles of their ancestral land from the 20,000 square mile estate.

Once, at the age of 24, Vestey did dirty his hands with simple labour as a meat boner in one of his slaughterhouses in Australia. The occasion was marked most by his working normally while the others were on strike.

The Duke of Westminster

"It's absolutely true that we won't have to worry about rents or mortgages or anything like that" said the Duke of Westminster before his marriage last year. Part of the celebrations at the stag party for the 26 year old Earl of Grosvenor (the Duke's other title) involved young chaps gaily pouring £100 bottles of Chateau Mouton Rothschild 1961 over each other.

He owns 15,000 acres in Cheshire, 14,000 in North Wales, 100,000 acres in Scotland, 900 acres in Shropshire, an estate in Fermanagh, Northern Ireland, shopping centres in Vancouver, Canada, a 12,000 acre industrial estate also in Canada, development in Hawaii, a 10,000 sheep farm in Australia and 300 acres of Mayfair and Belgravia. This latter plot alone is worth £1,000million, making it probably the biggest stash in Europe.

The Grosvenor estates are run with a ruthless hand and compromise is rare. When the US Government built its embassy in Grosvenor Square, so desperate was it for the freehold that it offered 12,000 acres in Florida in exchange. Grosvenor Estates rejected the offer.

Fearing the jealous, the Duke arranged security precautions for his wedding. It was no effort to pick up, for around £20,000 per year salary, a former Chief Superintendant, Tom Carter. The highly decorated policeman, who was active in Chester (almost all of which is owned by the Duke), said he was "made an offer I could not refuse".

One might imagine that considerable talent would be required for the management of such money. Apart from heredity and good looks, the Duke has two O levels.

Viscount De L'Isle

Lord De L'Isle has so much wealth he can afford comments like "It's vulgar to talk about money." Owner of a large estate in Kent, to match his wife's large estate in Wales, he was chairman of

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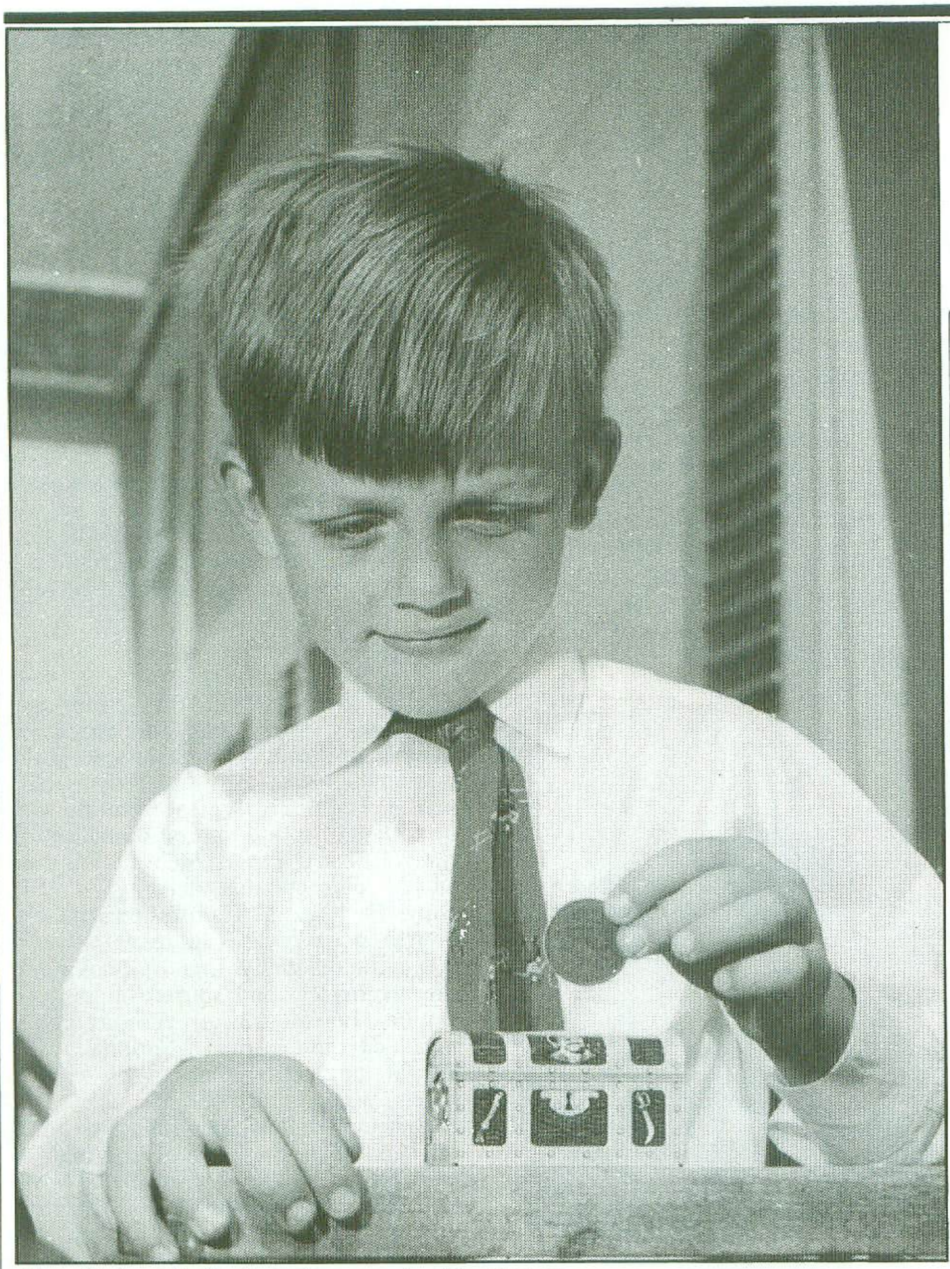


Popperfoto

The Duke of Westminster counts his money.

the Phoenix Assurance board for 28 years. He owns several houses, huge shareholdings, and a priceless art collection. "For there to be a wealth tax" he is reported to have said, "there must be some wealth to tax."

He was involved with Phoenix Assurance in the disastrous First National Finance Corporation, one of the secondary banks which collapsed five years ago. The Corporation had underwritten companies which bought large blocks of flats and then sold them off individually. But when this house of cards collapsed De L'Isle did not suffer greatly, for the bank was bailed out by none other than the Bank of England.

It seems that De L'Isle believes that property and privilege do not in themselves provide adequate security – they must be defended. He has become chairman of the far right National Association for Freedom (the Freedom Association).

Lord Inchcape

Another inheritor of wealth is Lord Inchcape who had £2 million thrust upon him at the age of 21, together with a title, and a 13,000 acre estate. Not satisfied with all this he took up the family stake in and chairmanship of Inchcape & Co., the trading company reckoned to be worth about £330million. He is also a director of BP, Standard Chartered Bank, Guardian Royal Exchange and about 25 other companies, as well as being chairman of P & O, the shipping company founded by his father.

Although P & O has seen some tough times, they don't seem to have rubbed off on the Earl. His salary for Inchcape alone stands at around £40,000. Four years ago he made £528,000 by selling some shares, and two years ago he made £330,000 by selling some more. But this cannot have adversely affected his 40 per cent stake in the firm. The dividend on the shares alone would probably amount to more than the 'dreams of avarice' of most, but as with so many of the rich, his precise worth is difficult to gauge.

Hunting and shooting are amongst the Earl's hobbies. He topped up his hunting opportunities by acquiring a 14,000 acre deer forest in Scotland 17 years ago, and then spent another half a million on an estate in Essex for it's pheasant shooting.

Lord Pilkington

Quite a different stamp of person is the sort represented by Lord Pilkington. Pilkington Brothers is the symbol of old-style paternal capitalism. Even in the thirties it provided many fringe benefits for loyal workers, including free health facilities. These continued until recently, and the spirit of the relationship remains alive. But it was the massive strike in 1970, the year in which the company came onto the stock market, which brought the other side of the relationship to light. The wages of the St Helens workers were appallingly low.

Lord Pilkington, who describes himself as "by inclination an amateur" was worth

£1½million ten years ago, and most of the rest of the shares in the firm were spread around members of the family. Not only are millions of pounds held in trust for the family, the individuals receive large dividends on their privately owned shares. These benefits survived the company's going public. Last year, on the announcement of record profits, the family fortune increased in value by £2million in five minutes.

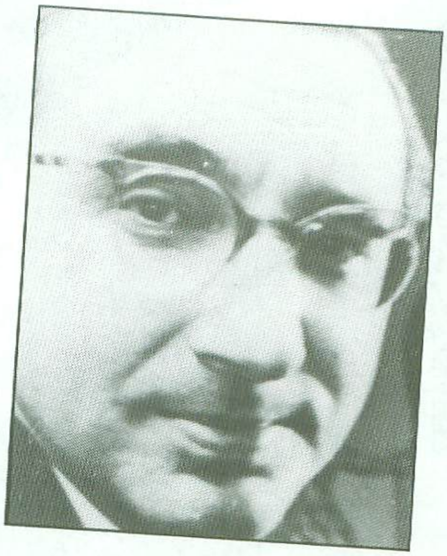
Facts like these do not promote favourable publicity and it was probably because of this that ten years ago the system of shareholding was changed so that what had been a 40 per cent dividend for family shares went down to a nominal, and more reasonable sounding, ten per cent, although the amount of income did not change.

Indeed, when the announcement to go public was made in the summer of 1970 it was estimated that about seven of the family members on the board (Pilkington men either go into the firm or into the Church) would become millionaires on the current shares alone.

Arnold Weinstock

Another type of capitalist is represented by Sir Arnold Weinstock, son of a poor immigrant Polish tailor, but now worth some £10million in shares in the company he has managed for sixteen years. Dubbed "Britain's biggest unemployer" by Hugh Scanlon he wields immense political power. His control of tens of thousands of employees in GEC has been a tough bargaining card for any government to deal with. So confident is he of his power that GEC is now neither a member of the employer's club, the Engineering Employers Federation, nor even the Confederation of British Industry. A CBI executive sarcastically commented "Sir Arnold reckons he can talk to the Prime Minister without calling on us to do it for him".

Other capitalists, bankers and politicians are kept on retainer by Sir Arnold for consultation purposes. They include Angus Ogilvy (Princess Alexandra's husband), Lord Aldington (former Tory Minister), Lord Catto (merchant banker), Sir Richard Powell (a former chief at the Board of Trade), and Henry Kissinger. "They are consulted as and when Sir Arnold deems it necessary" a GEC spokesman commented.



Popperfotos

The Government's alleged collusion with Weinstock was the centre of attention two years ago when the government backed Weinstock's bid to give GEC complete control of the turbine industry. In mid 1978 Weinstock threatened to pull out of the construction of a government subsidised factory unless he was freed from having to observe the pay guidelines. After some half-hearted resistance the government caved in completely.

Cyril Stein

The meteoric rise of the leisure and gambling industry has thrown up a number of fortunes. Notable among the new millionaires is Cyril Stein, chairman of Ladbrokes. A great favourite with both the City and sports journalists on the Fleet Street papers, Stein has followed all the precepts that make good news copy. He began as a professional punter, bought a stake in Ladbrokes when it was a fuddy-duddy firm of bookies to the aristocracy, and started building an empire. He took over Vernons pools, organised the Grand National, and bought up interests in holiday camps, hotels, property and casinos. The latter are now providing Stein's biggest headache, as their methods of touting for business had led to licences being withheld and the business being taken to Court.

A Year in the Life

Power and wealth give access to a world of which the rest of us are only dimly aware. Part of the myth that a wealthy class no longer exists relies on the fact that the rich inhabit a society that thrives beyond public view. Inside the showrooms of Bonhams, Cartier, Sotheby and Christies, behind the oak doors of the Turf, Boodles, Whites, the Royal Yacht Squadron, and in charity balls, dinners and parties at Claridges, the Dorchester and Annabel's, the rich eat, drink and spend lavishly.

They have plenty of free time in which to go to charity appeals, art galleries and fashion shows, and it is in their exclusive society where they only meet people like themselves that they take part in a wholly separate universe of manners, morals, fears and prejudices.

April. The South Africa Club dinner, a country show in Cirencester Park, International show jumping and the Badminton horse trials.

May. Balls at the Savoy, Dorchester and Hurlingham Club. Tattersall's bloodstock sales for horse breeders.

June. 'May Balls' at Oxford and Cambridge. Several important horse races, including Royal Ascot. Social events to mark the beginning of the Polo season.

July. Sporting events in fullswing; the Henley Royal Regatta, the first Test Match, Eton vs Harrow cricket match and the final of the Polo Gold Cup. Balls, club dinners and more country shows.

August. The Cowes Regatta, a major social event early in the month. The glorious twelfth marks the beginning of the shooting season on the estates.

September. Social events in Scotland to mark the shooting season.

October. The Anglo-Danish, Anglo-Turkish and Anglo-Swiss Society dinners at the Savoy for those with commercial interests in those countries. The Horse of the Year ball at the Hilton.

November. Warmer climates beckon. The Bahamas, South Africa, Kenya and the Far East. Horse racing in Hong Kong.

December. The Eton Wall Game. Harrods show begins the fashion season.

January. The Bollinger dinner held by the champagne makers to honour National Hunt jockeys. Hunt meetings around the country.

February. The 'season' shifts to Switzerland. The Cresta Club, with its famous bobsleigh run. St. Moritz and Gstaad attract the international wealth set. Sotheby's special sale in St. Moritz.

March. Cannes 'season' begins in the spring. The Highland Ball at Claridges, the Horse and Hound Ball and many civic receptions.

Holding around ten per cent of the stock of Ladbrokes, Stein once may have been worth about £3million, but the share price has been going up and down with the refusal of the Gaming Board to allow Ladbrokes to hold licences for casinos.

Never one to get on the wrong side of the odds, Stein's political contributions have benefitted both the Conservative and Labour Parties.

Charles Clore

Another man whose riches developed from an industry virtually unknown before the war was the late Sir Charles Clore. He had been credited with the invention of the takeover, and had the dubious distinction of having his huge business conglomerates referred twice to the Monopolies Commission.

The flagship of the Clore fortune was the giant Sears Holdings which runs, amongst other things the British Shoe Corporation. British Shoes sells one in five of all pairs of shoes sold in the UK, and last year was ordered by the Price Commission to cut its profits from a staggering 47.2% profit margin.

Sears also owns William Hill the bookies, Selfridges, Mappin and Webb, Garrards the royal jewellers, and countless properties. The cornerstone of Clore's riches was property development. He got into it early, back in the thirties, and went on to build the London Hilton Hotel.

Clore was king of the fast buck, championing the move whereby a dusty old firm could be seen to have a much higher asset value than the share price indicated. He would then bid a high price for the shares, take over the company, sell the assets, and move on putting the cash into another business. . . . and so on.

This was the fate of the Sears shoe shops. Clore sold the freeholds on the shops for £6million, leased them back to carry on the shoe-selling and used the surplus in further deals.

He was also fond of the 'bed and breakfast' operation, where shares are sold one day and bought back a day later at a lower price. This way a massive capital loss is recorded which can be set against tax payment, but the long term value of the shares remains unchanged.

Popperfoto

The late Sir Charles Clore with Mrs Vere Harmsworth.

Clore's land interests did him proud. Having killed just under 50,000 birds on his estates in nine years, he then sold the land to the Prudential for £20million.

Often a forthright man, he knew where his interest lay. When once asked whether he liked art, he said "No, I like blocks of flats".

Although Clore set up a trust fund well in excess of £25million for his children, (a son and daughter both in permanent tax exile in Switzerland) his son Allan does not think it is enough and has challenged his father's will, in which most of the inheritance of £80 million was donated to charity.

Julian Hodge

Sir Julian Hodge is another whose fortune was 'self made'. The millionaire banker started his climb to fame and fortune in accountancy at night school in Wales, while an employee of British Rail.

Hodge first hit the headlines in 1961 when his personal fortune shot to £4 million in as many minutes. In 1974 he recorded the dubious honour of directing the largest number of companies in Britain, all 153 of them. Taking no time off, he could, if he was so inclined spend 2.4 days on each company in a year.

Hodge is an eccentric in the eyes of the wealthy, since he is not based in the City of London, preferring instead his local Cardiff, where his Bank of Wales became established. There he built important political connections. Jim Callaghan has been a substantial shareholder in Hodge Finance, and when the Bank of Wales was formed Callaghan and seven other Welsh Labour MPs took big stakes in it.

But Hodge became most notorious in the early seventies for pyramid selling and second mortgage schemes. These were like a financial chain letter, in which people, many of them West Indian immigrants, borrowed money on the security of their homes. If they failed to sell further shares to cover what they borrowed (and many of them did fail to sell) the company claimed what it was owed and people lost their homes. Pyramid selling was made illegal in 1973. Last year Hodge Finance and Julian S. Hodge were refused licences by the Office of Fair Trading. The OFT has refused only 46 licences out of 55,000 applicants.

In 1963, when he was already estimated to be worth £10million Hodge told a journalist "I do not regard myself as a wealthy man. It's all on paper y'know." "So" the journalist replied, "are £10 notes."

PARTY OF PROPERTY

Wealth will be distributed even more unfairly by the Tory Government. The price paid by working people will be very high.

"By practising the politics of envy and by actually discouraging the creation of wealth, they (the Labour Government) have set one group against another in an often bitter struggle to gain a larger share of a weak economy." (Tory Manifesto April 1979).

Encouraging the creation of wealth is of course what the Tory party sets out to do, representing as it does the big money interests in our society. Margaret Thatcher has lots to say about incentive and opportunity, rewarding hard work and enterprise, but her own cabinet reflects none of these sentiments. To be in the cabinet it's far more important to be landed gentry, have a public school education, a few directorships and a little experience at the Bar thrown in.

The Hon. George Younger, the Scottish Secretary, is son and heir to the third Viscount Younger of Leckie. Lord Carrington is the sixth Baron of Carrington. Sir Ian Gilmour inherited his baronetcy two years ago. He is married to Lady Caroline Montague-Douglas-Scott, the younger daughter of the eighth Duke of Buccleuch and Queensbury.

Lord Hailsham is technically a life peer as he gave up his title as the second Viscount Hailsham so that he could take up his seat in the House of Commons. He was suitably rewarded, and got his title back, even if he can't leave it to anyone.

Christopher Soames wasn't born to the peerage, but he was lucky enough to get himself enlisted to it as a life peer.

Of the 19 Cabinet ministers who went to public school, six went to Eton, nine went on to Cambridge and seven to Oxford, and two, Lord Carrington and Christopher Soames, finished their education at Sandhurst. Of the remaining three, Mark Carlisle went to Manchester University, Humphrey Atkins went into the Navy and Peter Walker into partnership with the asset stripper Jim Slater, of Slater-Walker.

Leaving school and university behind them, these cabinet ministers took up a variety of careers. Five became barristers. Others took up farming. Lord Carrington owns about half of Buckinghamshire, so is probably the largest landowner in the Cabinet. But there are others. William Whitelaw owns land in Cumbria, and James Prior farms in Norfolk and Suffolk. Peter Walker, Francis Pym and John Nott also own and farm land.

Sir Keith Joseph 'trained as a builder' as the Conservative Central Office so nicely puts it. He was deputy chairman of the family building firm Bovis.

Patrick Jenkin went to work for Distillers, of thalidomide fame. Sir Ian Gilmour edited and owned *The Spectator*. Michael Heseltine established the very successful Haymarket Publishing Group. Almost all the cabinet became company directors.

Tory Cabinet Directorships 1978

Humphrey Atkins
Foster, Turner and Benson

Lord Carrington
Barclays Bank and Barclays International
Cadbury Schweppes
Rio Tinto Zinc
Hambros Bank
Amalgamated Metal Corporation

Geoffrey Howe
Alliance Assurance
Associated Business Programmes
EMI
The London Assurance
Sun Alliance and London Assurance
Sun Insurance

Patrick Jenkin
Continental and Industrial Trust
Royal Worcester
Tilbury Contracting Group

Sir Keith Joseph
Drayton, Premier Investment Trust
Bovis

Peter Walker
Adwest Group
Wigham Poland Holdings

Jim Prior
United Biscuit
Avon Products
IDC Group
Norwich Union Insurance Group

Christopher Soames
N.M. Rothschild and Rothschild International
National Westminster Bank

George Younger
Tennant Caledonian Breweries. (Bass Charrington)

Popperfoto

The policies dictated by the wealthy and privileged men in the Cabinet are designed to protect the interests of the rich. Freeing resources for investment, an argument they love to use, is in effect a shift of resources to profits which they will pick up. A look at the recent budget will show how they have overseen the most massive switch in wealth from the poor to the rich.

Incentives and opportunity are two key words for the Tories. "We need to strengthen incentives by allowing people to keep more of what they earn" said Geoffrey Howe in his budget speech on 12 June, echoing the promises made in the manifesto "to restore incentives so that hard work pays, success is rewarded, and genuine new jobs are created in an expanding economy." The way to do this, according to Howe, is to cut taxes on earnings (income tax), so that everyone appears to earn more, and shift the burden of tax on to spending (by increasing VAT) the implication being that this introduces an element of choice about whether or not we pay the taxes.

Once the economy is revived and inflation is under control we shall then be able to have the social services we can truly afford. In the meantime we have to balance the books ('good husbandry' is Mrs Thatcher's favourite phrase). We can't spend what we don't have, so public spending must be cut. This will be a good thing all round because it will be the chance to cut out waste, unnecessary bureaucracy and other evils endemic in our society.

Popperfoto

Nothing can be further from the truth.

The only real change that comes about from a switch from direct to indirect taxation (the main plank of the Tories' election propaganda) is that one group's overall tax bill falls while another group's increases. The effects of the budget changes are to redistribute disposable income from the poor to the rich.

The first £750 of taxable income is still charged at the reduced rate of 25%, but the standard rate, cut to 30%, is now payable on the next £9,250 of income compared to £7,250 previously. The first band of the higher rate (40%) is thus charged only on taxable income over £10,001. At the same time the highest tax rate has been brought down from 83% to 60%.

These changes obviously benefit only high income earners. The richest one per cent of tax payers gained 15% of all money paid out in tax cuts. The richest 7% picked up a massive 34%.

It's true that 1¼ million people were lifted out of tax payments but only 600,000 of these benefitted directly because of the budget. The Rooker-Wise indexation which requires the Government to raise the personal tax thresholds each year in line with the inflation of the previous year automatically exempted the other 650,000.

But set against this must be the thousands of families with children who were dragged *into* the tax net. Their tax threshold fell with the final stage of the transition away from child tax allowance to child benefit. The Chancellor saw fit not to increase child benefit to compensate for this loss in tax allowances.

Bonuses

At the other end of the scale the number of tax payers subject to the higher rate of tax was cut from 808,000 (less than 4% of all taxpayers) to 358,000 – a mere 1.8% of taxpayers.

For people on high incomes the effects of the tax changes are the equivalent of the most massive wage increases. It has always been argued that high pay to the men in top jobs was justified by the high rates of taxation. These no longer exist.

Following on from the Boyle review on pay for those on top incomes in the public sector, the effect has been to double or even treble, through tax cuts, the increases already given this year.

For example, the chairman of the National Enterprise Board was earning £35,265. Boyle recommended an increase in gross pay to £48,500. In fact the pay was increased to £43,635, but the tax changes gave the biggest increase of all.

Gross and net income with the full Boyle recommendation, but no tax change:

Gross	Net
£48,500	£16,725

Actual gross and net pay with the actual Boyle increase and the tax change:

Gross	Net
43,645	£23,181

For Lord Lew Grade, amongst the highest paid company executives, with an income of £195,208 as chairman of the Board of the Associated Communications Group, the increase in net pay was fabulous:

Gross	Net pay before	Net pay after
£195,208	£40,793	£83,420

The budget announcement more than doubled Lew Grade's income.

Tax cuts were to be funded primarily by increasing VAT. VAT added 4p in the pound to prices, whilst tax cuts saved only 3p. Even though some essentials (food, housing) are not subject to VAT, any increase in direct taxes necessarily affects those who have least choice about how to spend their money. VAT increases will work their way through into all prices. The burden of VAT increases was disproportionate too. On luxury goods, VAT went up by 2½% compared to the ordinary rate of VAT which almost doubled from 8% to 15%.

There were other bonuses for the owners of wealth in the budget. The threshold for investment income surcharge was raised

Popperfoto

Popperfoto

Above: Walker cleans up.
Left: Lord Carrington and Duchess of Kent.

to £5,000. Although only a few hundred thousand supertax payers benefit, the change was dressed up in the Tory Manifesto as one which would "greatly help those pensioners who pay this additional tax on the income from their life savings." Apart from the pensioners with the huge accumulated savings necessary to benefit (at least £50,000) other retired workers had a further knock to the amount that they may receive in future pension payments. Pensions will from now on increase in line with price increases and not, as at present, to whichever rises faster, prices or earnings.

The other bonus was to be the scrapping of dividend control. Since 1972 the increase to be paid in any one year has not been greater than 10% on the previous year's figure. Loopholes have been found to boost the amounts paid, and dividends have grown steadily. But not as much as they might: companies have indicated they will pay more and figures are just coming available of some real bonanzas for financiers and bankers.

Since dividend control was abandoned on 1 July 1979 the percentage increase paid out by some companies includes:

Company	*Increase*
Woodrow Wyatt Holdings	2,400%
Associated Dairies	669%
MFI Furniture Group	410%
MK Electric	103%
John Brown	95%
GEC	54%
Unigate	37%
Distillers	34%

The other side of the coin of Tory policy is to introduce a tight monetary policy in the hope that by restricting the supply of money, inflation would be checked. In other words unemployment and bankruptcy are to become the prime weapons in the fight against inflation.

In line with this policy, the Government is forcing the most massive cuts in public expenditure. At present the Public Sector Borrowing Requirement stands at £8.3billion. To keep it at this figure, with inflation running at a projected 17% and the Government committed to expansion in some areas, real cuts not paper cuts are inevitable. The police and armed services are to expand. The total amount paid out in social security and unemployment benefits will have to increase as a result of the Government's own policy. The notion that a bit of waste is to be mopped up is a nonsense.

Naturally their manifesto was again wide of the mark. It committed the Government to "raising the standards of children's education, and concentrating welfare services on the effective support of the old, the sick, the disabled and those who are in real need." "It is not our intention to reduce spending on the Health Service." Exactly the opposite is to happen.

The cuts announced on 12 June 1979, amounting to £1,500million, were quickly followed a month later by the announcement of a further £4,000million cuts. Taking account of inflation there will be real reductions in spending on roads and transport, housing, environmental services, education and science, arts and libraries.

The Tory argument is simply that public spending cuts will help revive the economy and the new wealth created will provide for better services in the future. The truth is that cutting public spending doesn't stimulate economic growth. It just puts a lot of people out of work.

These cuts and tax concessions are merely devices to shift wealth back to those who already possess it, the small minority who already own the bulk of the assets of the country. In reality, the equality that the Tories rail against is an illusion.

FIGURING IT OUT

Any attempt to analyse statistically the distribution of wealth in Britain will always be inadequate.

The link between wealth and power in this society is indisputable. And yet beyond the fact that wealth is known to be very unevenly distributed very little more is known. There is still *no* easy and direct way of calculating who holds what wealth. In some cases information exists but there is no access to it, for example the Land Registry, but for most purposes the information does not exist.

Investigations of wealth are limited to working back from estate duty paid to the inland revenue and so calculating the value of estates, or establishing the level of income from investments and then estimating the assets of those receiving that income.

Both sources are hopelessly inadequate, This report provides many indications of the shortcomings of results gained in this way. Even greater difficulties attach to the sample survey method of estimating wealth. The concentration of wealth in a few hands ensures that the rich will not form a significant part of any sample and so are lost from view.

The Distribution of income in the UK

Income share of the:	*% pre-tax* 1949	1976/77
Top 1%	11.2	5.4
Top 10%	33.2	25.8
Next 40%	43.1	49.7
Bottom 50%	23.7	24.5

Source: Royal Commission and Labour Research.

The most sustained attempt to fill in the gap of our knowledge of wealth comes from the Diamond Commission Reports. The Commission though was prematurely wound up by a newly elected Conservative Government pledged to end what they called the 'politics of envy'. The terms of reference of the Commission had been to collect data "with a view to help secure a fairer distribution of income and wealth in the community." This has no place in the plans of the present government.

The reports that the Commission published before being closed down examined the distribution of income and wealth in 1976-7 and related it to the position in the past. They found the following.

The share of *income* received by the different sections of the population is still grossly unequal and 'shows a remarkable stability from year to year.' As the table shows the share of income of the top 1% has indeed been falling, but this drop has been balanced out by an increase in the share of the people immediately below them.

The share of income of the bottom half of the population has stayed virtually unchanged, increasing by only 0.8% in the last 28 years.

Most of the income from investment as well as that from self-employment goes to the top 10%, around 23% of it to the top 1% alone. The Commission's figures also show that this 1% only receive 52% of their income from employment the rest comes mainly from investment and self-employment. Quite clearly, attempts to redistribute income earned from employment has only a marginal effect on the share of the top income group.

What about overall *wealth?* The Commission points to land, houses and company shares as the most important constituents of wealth and suggests that there has been some distribution away from the top 10% to the rest of the population. **On these figures the share of the top 1% has been increasing again since 1974!**

The most significant element contributing to this redistribution must be ownership of houses because the other major assets land and shares are still highly concentrated in the hands of the rich.

Distribution of Different Assets 1976

	Shares	*Land*	*Housing*
Top 1%	54.2	52.0	8.6
Top 10%	89.6	84.1	37.5
The rest	10.4	15.9	62.5

Source: Royal Commission and Labour Research.

Owner occupation has been increasing to the point where some 50% of the population own their own homes. Of course to attribute these assets to the owner occupiers is misleading. Less than a fifth of these assets are owned outright.

But more significant criticism can be made of these figures. Just as the wealthy have taken evasive action to protect their assets from the encroachment of inflation, they have taken similar action to remove them from scrutiny. It would be naive to believe that the wealthy have not had to give some consideration to successive attempts to tax their wealth. The evasive actions initiated by the wealthy make the task of investigating their income and assets more and more difficult.

Any attempt to analyse statistically the distribution of wealth in Britain will always be inadequate. Not only are the rich able to successfully conceal the full nature and extent of their assets, but also the profits of the wealth creating capacity of the country, often tied up in small private companies, are never fully revealed.

Finally, the Diamond Commission never began to estimate the amount of control and power which is bestowed on the rich.

Changes in the Share of Total Personal Wealth

% owned by	*1966 GB*	*1971 GB*	*1971 UK*	*1974 UK*	*1976 UK*
Top 1%	31.1	28.1	30.5	22.5	24.9
Top 10%	68.5	69.8	69.1	58.0	60.6
Bottom 90%	31.5	35.2	39.9	42.5	39.4

Source: Royal Commission and Labour Research.

CONTROLLING INTERESTS

Economic power is controlled by a small number of people who own the bulk of company shares and who sit on the boards of the corporations and financial institutions.

The most important kind of wealth is the ordinary share capital of companies. Not only does it have a surrender value that would make the holder extremely wealthy, but it also confers control over the main productive resources of society from which all other wealth ultimately comes.

Possession of the nation's productive resources is the source of economic power for a small number of people who own the bulk of company shares. They decide what goods will be produced, who will work to produce these goods, what they will be paid and what the prices of those goods will be.

Because of the importance of productive assets, it is not surprising that ownership of company shares is firmly in the hands of the ruling class and more unequally distributed than all other forms of property.

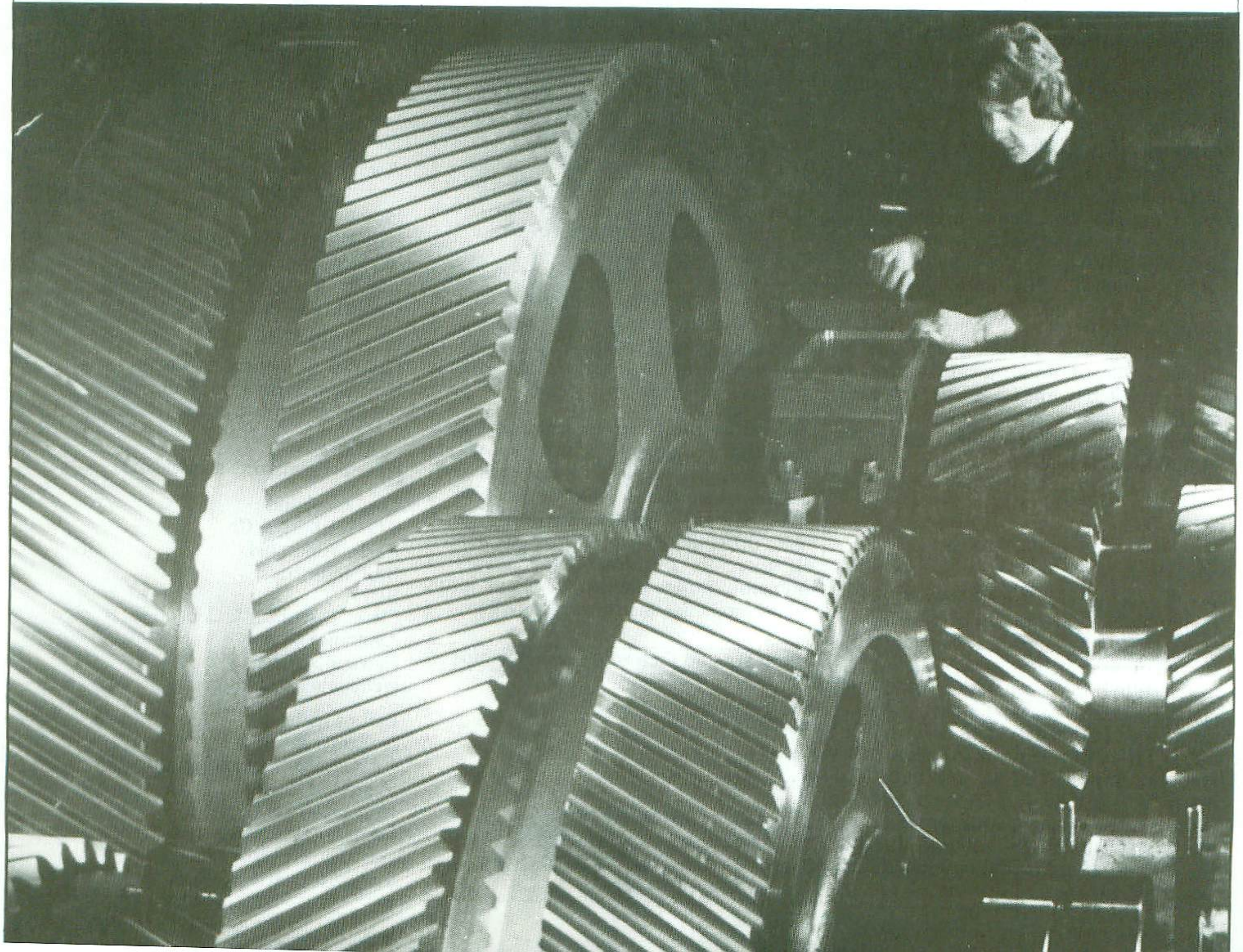
The value of privately owned shares that are quoted on the stock exchange can be put at about £17billion. Only 7% of the adult population own any of these shares at all, and within this small group there is an even greater concentration. Just 1% of shareholders own 80% of shares in private ownership, and 98% is owned by just 5% of private shareholders.

Network

The growth of the shareholdings of the financial institutions has aided the concentration of control. It is the small investor who has disappeared leaving control in the hands of institutional managers and the private owners of massive holdings.

The hundred largest companies produce a half of all manufactured goods and in each case control over their operations lies in the hands of a small board of directors. In a number of cases, these directors hold vast fortunes of wealth and in quantities sufficient for control over the company. Some of their shareholdings are through direct beneficial holdings and others are held via nominees, banks and trusts.

For example; Lord Cowdray, one of the



richest men in Britain is a director of S. Pearson & Son Ltd, part of a financial empire that includes Pearson Longman (Financial Times, Penguin Books, Westminster Press), Royal Doulton, Lazard Bros (the eigth largest merchant bank), Midhurst USA, and Madame Tussauds. In 1978, Cowdray held his remuneration as a director down to £58,295 not counting perks. He also holds a 'beneficial interest' in 1,609,854 S. Pearson & Son shares worth some £3,380,693 today and 10,848 in Pearson Longman shares worth some £23,544 today. Both these interests in 1978 earned a gross equivalent of £129,872.

Viscount Bearsted, a director of Hill Samuel, the second largest merchant bank, holds a beneficial interest in 1,710,551 Hill Samuel shares worth some £1,471,817. The Viscount is also a director of two other major financial institutions; Lloyds Bank and the Sun Alliance Assurance Company.

Peter Samuel, a director of Shell and of Hill Samuel, holds an interest in 148,160 Shell shares worth some £493,866 today and 400,562 shares in Hill Samuel worth some £344,483. These interests in 1978 earned a gross equivalent of £110,142 and £29,401 respectively.

Cadbury Schweppes, a company with a turnover of over £1billion and one of Britain's largest food manufacturers is still controlled by the Chairman Sir Adrian Cadbury and another director N.D. Cadbury, who between them own 20% of the share capital.

Power

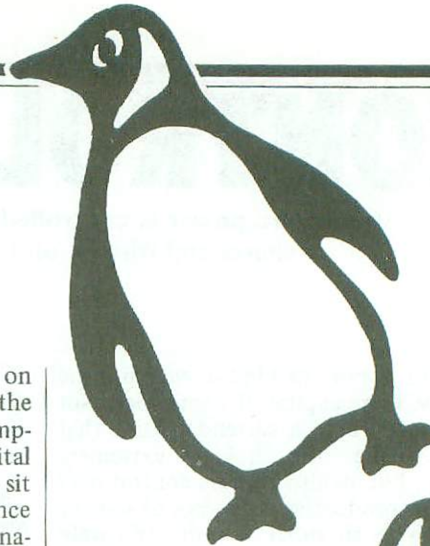
An argument put forward nowadays is that the sheer size of the large corporations, with its separate divisions and subsidiaries stretched across the world, has resulted in a separation of overall control. This may be the case as far as the day to day management is concerned, but as far as the major financial decisions are concerned little has changed. The issues of crucial importance such as investment, funding, allocation of profit, mergers and takeovers are determined at the top by chief executives and by the boards of directors.

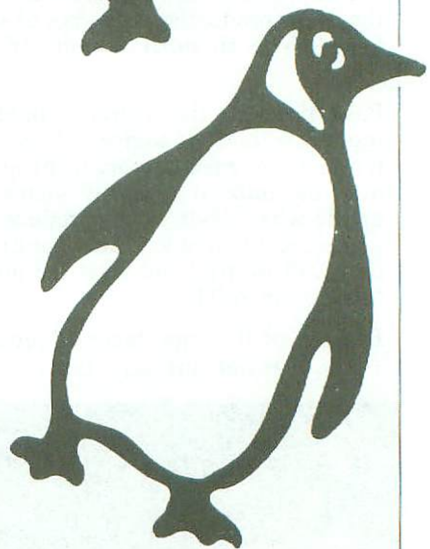
In our society power is conferred on capital. Its ability to grow involves the everyday application of those assumptions which give priority to private capital accumulation. It is the few men who sit on the boards of the banks, insurance companies, the giant corporations, nationalised industries and other official advisory committees who control the main sources of capital.

Looking at the boards of these institutions and those top individuals in the Tory party and the Civil Service, a whole web of connections, through cross directorships, marriage, schooling, university and membership of clubs, can be found. The breeding grounds of all these places disposes of any conscious need to conspire. They all share the same underlying beliefs and values.

Connections between the large industrial companies are extensive. Links now exist or have done in the past between BP, Shell, GEC, ICI, BICC, Dunlop, Cadbury Schweppes and Hawker Siddeley. There have also been a substantial number of family connections. The only exceptions to this large, highly connected network of most major industrial firms are the predominantly family or tycoon controlled firms such as Marks and Spencer and Great Universal Stores. The links extend further through indirect overlapping directorships where company directors meet together on the boards of other companies.

A look at the board of Britain's largest industrial company British Petroleum illustrates this. In 1978 BP had a turnover greater than the combined turnover of BAT, ICI and Unilever, the third, fourth and fifth biggest industrial companies. BP directors are also on the boards of numerous other industrials, banks insurance companies and investment trusts.





Far right: Lord Bearsted.
Right: Lord Cowdray.

BP Board and their other Directorships

Sir David Steel
Bank of England

M.M. Pennel
Standard Oil

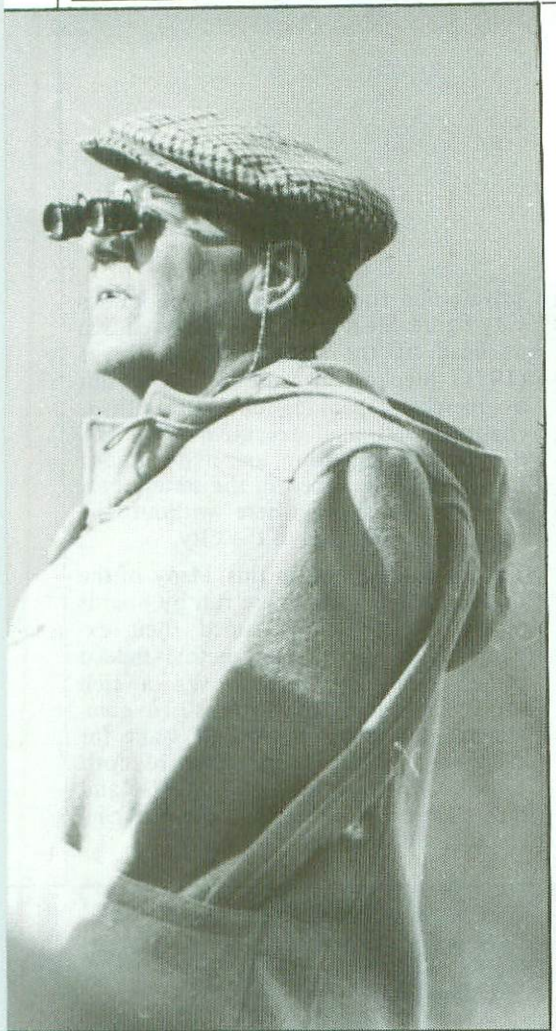
Sir Lindsay Alexander
Ocean Transport and Trading
General Council of British Shipping
The Industrial Society
Lloyds Bank
Lloyds Bank International
Nestor Custodians
Odyssey Insurance Co (Bermuda)
Overseas Holdings and Containers

Dr J. Birks
Babcock Combustion Systems
Sub Aqua Services Int (Panama)
Submersible Systems Inc (Panama)

Lord Elworthy
National Bank of New Zealand

Lord Greenhill
S.G. Warburg & Co
BL International
BAT Industries
BUPA
Clerical, Medical & General Life-Assurance Society
Hawker Siddeley
Wellcome Foundation

Earl of Inchcape
Inchcape & Co
P & O Steam Navigation Co
Chartered Bank
Gray Dawes & Co
Guardian Assurance
Guardian Royal Exchange
Standard Chartered Bank



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C.C.F. Laidlaw
Commercial Union Assurance

Sir James Menter
British Steel Corporation
Tube Investments

Sir Alaistair Pilkington
Pilkington Bros
Bank of England

M.J. Verey
Boots Co
Brixton Estate
Broadstone Investment Trust
Commerical Union Assurance
Charities Official Investment Fund

This intimate link between companies also extends to the financial institutions. Barclays Bank, Union Discount, National Westminster, Commercial Union Assurance, Sun Alliance and the Prudential Assurance are interconnected by common directorships as are Lloyds, Guardian Royal Exchange, Midland Bank, Eagle Star, Hill Samuel, Sun Alliance and Hambros. The web is woven further because extensive links exist between these financial institutions and the large industrial companies.

It is often the case that a merchant banker will sit on the board of an associated commercial bank, an investing insurance company and one or more industrial companys. The crucial role of finance explains their presence on all these boards. The merchant banks themselves are controlled by a small number of rich people dealing for other rich people. The directors of the merchant banks are regarded as the core of the city establishment. Most of them are heriditary firms and families still dominate most of the boards. Barings is the oldest of the merchant banks and there are five separate Baring peerages; Cromer, Northbrook, Revelstoke, Ashburton, and Howick. They have provided two Chancellors of the Exchequer, a Governor of India, a Lord Chamberlain, a Governor of Kenya and a former Governor of the Bank of England, Lord Cromer.

Kleinworts

The merchant banks play a key role in underwriting the issue of shares and in takeovers and mergers. A recent example was the extremely good deal, given to them by the Government in underwriting the BP share sale offer. Those that were awarded highly lucrative underwriting fees were; Robert Fleming, Kleinwort Benson, Morgan Grenfell, S.G. Warburg, Lazard Brothers and J. Henry Schroder Wagg.

Kleinwort Benson, the largest of the merchant banks, has its own directors sitting on numerous other boards.

Kleinwort Board and other Directorships

R.A. Henderson
Cadbury Schweppes
Cross Investment Trust
Equitable Life Assurance Society
Hamilton Bros Oil Co
Inchcape & Co

J.A. Caldecott
Cincinnati Milacron
Equitable Life Assurance
M & G Group

Sir Eric Drake
BP Canada
Hudson Bay Co Canada
P & O Steam Navigation Co
Toronto Dominion Bank Canada

I.M.L.D. Forde
English & New York Trust Co
Eurinvest SA Holding
John Bright Group

M.W. Jacomb
Australia & New Zealand Banking Group
Harley Mullion & Co
John Mowlem & Co
Mercantile Credit Co
Merchants Trust
Transatlantic Fund Inc

D.L.T. Oppe
Associated Book Publishers
Attock Petroleum
External Investment Trust
London & Manchester Assurance Co
M & G Group
Transatlantic & General Investments

D.L.M. Robertson
Berry Bros & Rudd
DRS Data & Research
MK Electric Holdings
Provident Mutual Life Assurance Assoc

Sir F. Sandilands
Commercial Union Assurance
British Museum (Trustee)

Finance for Industry
ICI
Nat West Unit Trust
Plessy Co
Royal Opera House
Trafalgar House
British Heart Foundation
British North American Com
British Overseas Trade Board Committee on Invisible Exports
Insurance Institute of London

Sir Mark Turner
RTZ
Boraz Holdings
Hamilton Bros Oil Co
Sotheby Parke Bernet Group
Whitbread Investment Co

The connections also extend to the insurance companies. The merchant banks who originally set them up still successfully dominate them. The boards of the insurance companies are made up of people with the right background and connections. General Accident at one time had seven peers and two baronets among its directors.

The board of Sun Alliance now has as its directors; four Lords, Messers Aldington, Aberconway, Astor and Kindersley, Viscount Bearsted, the Earl of Crawford and Balcarres, the Duke of Devonshire, a Rothschild and Hugh Fraser M.P. **Between them the directors of Sun Alliance hold the chairmanships of over fifty eight other companies.**

Cabinet

The final link amongst these corporations, banks and insurance companies is the Tory party. The public schools and Oxbridge have been the path to parliament for something like threequarters of all Tory MPs and Cabinet ministers. It is common practice for ex-ministers to go on the boards of companies and financial institutions and for top company directors to join Tory administrations. A number of company chairmen through the years have come straight from cabinet office; Lord Chandos of AEI, Lord Monckton of the Midland Bank, Lord Kilmuir of Plessey. Elsewhere we detail the directorships of the present cabinet.

The numerous industrialists who sit on the boards of the state owned companies also hold executive positions on the boards of privately owned concerns.

Sir Leslie Murphy, for example, who heads the NEB, is also the chairman of J. Henry Schroder Wagg, the merchant bank. Until he retired recently, Sir Frank McFadzean, the chairman of British Airways, was also on the board of Shell. The chairman of the National Bus Company is also chairman of the multinational chemical and foodstuffs giant Croda International, and his counterpart at the state owned National Freight Corporation also sits on the Board of Lloyds Bank.

These links often denote more than an easy business relationship between the private and state sector. The well-known City figure, Sir Kenneth Keith, was chosen as head of the state-run Rolls Royce (1971) precisely because of his weight in merchant banking circles. Keith is chairman and chief executive of the Hill Samuel banking group, and like many of the other businessmen in the state sector was not going anywhere without the support and approval of the City.

There's nothing new in this. Many of the nationalised industries are run by boards nearly all of whom gained their experience in the private sector. Indeed some companies have proved a rich source of leaders for nationalised companies. Courtaulds the textile giant for example, provided from its board both Lord Kearton now head of the BNOC and Sir Charles Villiers the controversial chairman of British Steel.

LAND OF THE RICH

The rich retain their hold on land, but the pattern of ownership is changing.

The concentration of ownership of company shares, although the source of power and control of the ruling class, is not by any means the full extent of their wealth. Ownership of land is still concentrated amongst a very few people. The Diamond report gives figures which show that the top 8% of the wealthy still have their hands on 91% of all land.

Most of the rich own land through inheritance. In Britain, land has historically been the birthright of the ruling class. The fact that it can also be an extremely profitable and productive asset, as well as a hedge against inflation, has ensured that the intimate connection between the wealthy and land continues.

There are 41,879,000 acres of land in Britain, but who exactly owns it must be one of the best kept secrets of all time. The Diamond Commission's contribution to the riddle will go down as a tribute to the 'investigative' abilities of that body. "The paucity of comprehensive up to date information on land ownership is remarkable. In the absence of a survey yielding data on the lines of the 1873 survey, it is difficult to carry our analysis any further" (Diamond 7 p.152).

Private

The New Domesday Survey of 1873 was the last comprehensive investigation into land ownership in Britain. It was intended to prove that land had become more fairly distributed since the first Domesday survey in 1066. It showed precisely the opposite. Since then, landowners have resisted any further survey, giving, as the Country Landowners Association did in 1976 'practical difficulties' as their excuse. Indeed the degree of privacy and confidentiality surrounding the subject is an indication of its political sensitivity.

In 1978, 19% of Britain's total acreage was owned by the government. Of this, central government had 9%, local authorities 7%, nationalised industries 2.5% and conservation authorities 1.5%.

The rest of the country's urban and agricultural land is controlled by three types of landowners; first, the landed aristocracy and gentry and to a lesser extent the church and crown, for whom agricultural land is a dominant source of income. Second, industrial land owners, such as owner farmers and manufacturing industries who use land as part of their productive process. Third, the financial landowners which includes the property companies, pension funds and insurance companies for whom land is an investment.

Aristocracy

Although economic pressures have led to a break up of many of the aristocratic estates, it is estimated that there are still 18million acres in their hands. Included in this are those estates of 5,000 acres and more which are owned by just 200 titled families. Most of this land is rural and many of the largest tracts are in Scotland.

Altogether the landed aristocracy own 42% of all land and the church and crown estates just under 1%. Although this group of landowners own the largest private acreages, the size of their great estates have been gradually reduced. After the Second World War, state policy to strengthen agriculture, higher levels of rent and higher taxes, combined to force the landed aristocracy to make more productive use of their land. As a result they have gone into more intensive farming, forestry and leisure facilities. At the same time death duties have meant that portions of estates are sold off.

Popperfoto

Chatsworth House, one of the four homes of the Duchess of Devonshire.

American Independance; forgiveness for the English ruling class.

In their place industrial landowners have flourished. Owner occupied farms accounted for 50% of agricultural land in 1978 compared to 11% in 1919. As land prices increased after the war the wealth of this group has risen correspondingly. At the same time mechanisation and the high value of land compared with its products has meant that small landowners were squeezed out.

The third group, the financial institutions, has become a significant land owning sector in the last twenty five years. The property companies were the first on the market. They boomed during the period of building reconstruction after the war. Their main income was primarily from rents but with the Rent Act of 1962, they turned to land as an investment.

Today the insurance companies and pension funds are moving in. In 1960, when these institutions were either exempted from or paid reduced rates of capital tax on investments, they began to buy land rather than rent it from property companies. Their need for security of assets, at a time of high inflation, the growth of their funds and the 1955 law which allowed pension funds to invest in land, has meant that land now accounts for a growing proportion of their assets, currently nearly 20%.

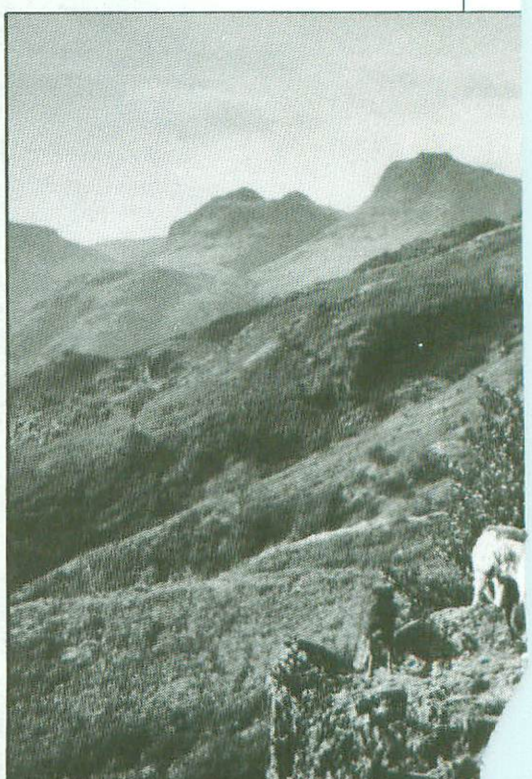
Originally they bought mostly urban land, and although the acreage was small the value was high. Since the beginning of the seventies the institutions have been buying agricultural land purely for its capital appreciation.

With land playing an increasingly important role, both in terms of assets and as a revenue earner, it contributes more and more to the wealth of those individuals who directly or indirectly own it.

Landowner	*Acres*	*Estates*
Duke of Buccleuch	268,000	Bowhill Castle, Drumlanrig Castle; estates in Dumfriesshire, Selkirkshire and Roxburghshire
Countess of Sutherland	150,000	Dunrobin Castle
Duke of Westminster	138,000	Oxford Street; Grosvenor Square; Bridgewater Estate Shropshire; Pale Estate, Merioneth; Easton Estate, Cheshire
Countess of Seafield	138,000	
Duke of Atholl	130,000	Blair Castle; Estates in Perthshire
Duke of Northumberland	80,000	Alnwick Castle
Duke of Argyll	73,400	Inverary Castle, Argyll; Islands of Iona and Tiree
Earl of Lonsdale	71,000	Lowther Estate

Source: Labour Research April 1979.

Popperfotos



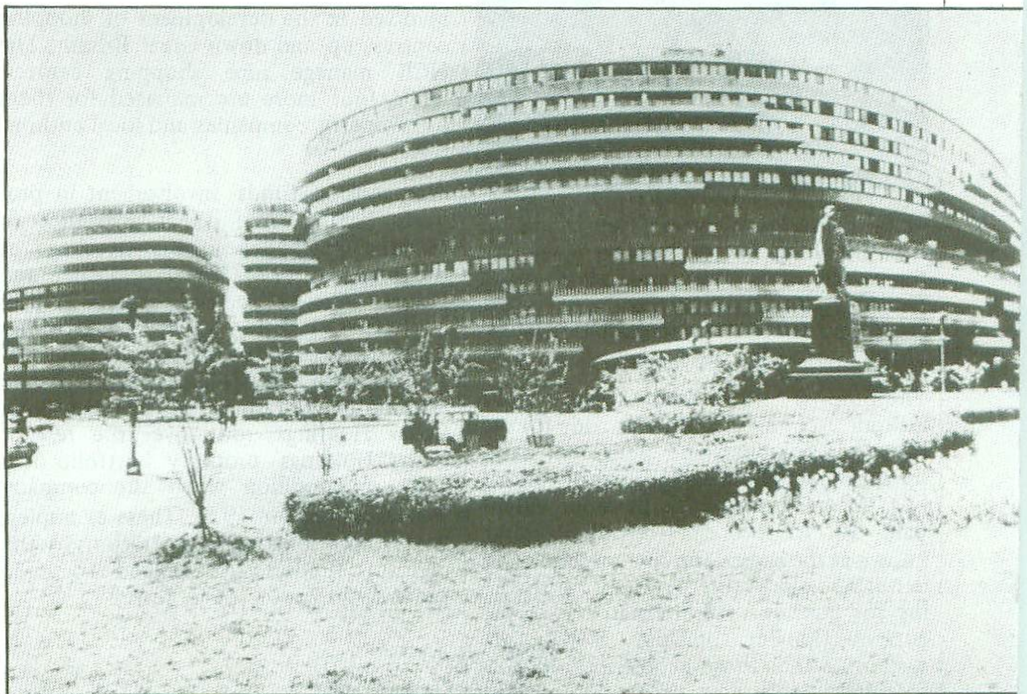
PENSIONS—WHO PROFITS?

Pension funds and insurance companies own over half the shares of companies and are playing an increasingly dominant role in the economic life of the country.

The growth of the institutional shareholdings, that is the insurance companies, pension funds, unit trusts and investment trusts represents one of the most significant changes in the ownership of wealth in Britain in recent years. **It is estimated that these funds own over half the shares of British companies quoted on the stock exchange and they are playing an increasingly dominant role in the economic life of the country.**

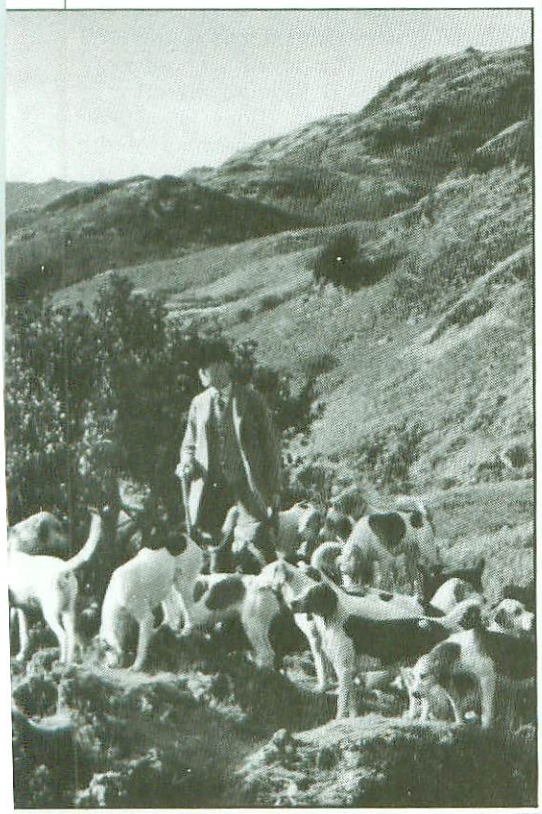
Insurance companies had a total asset value in 1978 of around £40billion. Pension funds assets accumulate continuously as income is reinvested.

The ten largest pension funds control about £6.4billion, and the largest of these are the pension funds for the workers in the nationalised industries. The Post Office Superannuation Fund, the largest, has assets of £1,535million, larger than the net assets of Dunlop Ltd. With an annual income of £189million, the Post Office pension fund could purchase the share capital of Dunlop twice over.



The Watergate building, now 50% owned by NCB Pension Fund.

The British Rail pension fund has an asset value of £1,087million, the National Coal Board £1,448million, British Steel £970million. By comparison the private industry funds are small: ICI, with an asset value of £694million is the largest, followed by BP valued at £518million.



In the last survey conducted by the National Association of Pension Funds, it was found that 45% of the pension funds' assets were invested in company shares, 18% was invested in property and 25% was invested in fixed interest assets, mainly gilt edged securities. The insurance companies show a similar spread of investments.

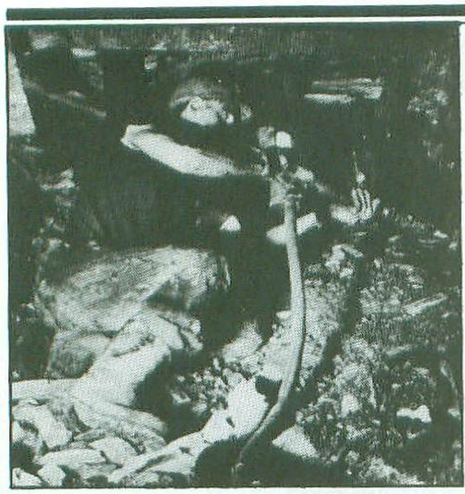
The distribution of shareholdings by category of beneficial holder: 31st December 1975.

Category of holder	*£m*	*%*
Persons	17,047	38.3
Charities and other non-profit making bodies serving persons	925	2.1
Stock brokers and jobbers	134	0.3
Banks	300	0.7
Insurance companies	6,911	15.5
Pension funds	7,261	16.3
Investment trust companies	3,033	6.8
Unit trusts	1,857	4.2
Other financial companies	1,064	2.4
Non-financial companies	1,823	4.1
Public sector	1,585	3.6
Overseas sector	2,620	5.9
Total	44,560	100.0

It is sometimes suggested that the growth of the pension funds represents a shift of wealth to ordinary working people. Certainly the vast assets that are controlled by the funds do not appear in the statistics as wealth of any individual. Yet for most people who find it difficult to buy a house, find a job, or who watch food prices rocket, it must be news to know that they own, via their pension funds, increasing amounts of farm land, office blocks and interests in major companies.

Watergate

The absurdity is further underlined by the increasingly bizzare locations for the 'workers' money. **The National Coal Board has a property company in the United States which actively searches for suitable property investments. It now owns a 50% interest in the Watergate**



building in Washington. The forays of the British Railway's pension fund into the world of art has achieved extensive publicity, and the railway workers are the proud owners of various old masters, objets d'art and other works.

The purpose of the pension funds and the insurance companies is to provide for old age and sickness. The individual saves up capital over the period of his working life. After retirement a pension will be paid out of interest from the capital, known as the capital funding method. This is not necessarily the best way of providing for pensions. An alternative is to use current transfer, or 'pay as you go' system so that those people in work pay for the people who are in retirement. Under the present system, the millions of members of pension funds receive scant recompense for their donations compared to the benefits conferred on the financial world, by this new mass of capital poured into the system.

Property

If the pension funds eventually face a crisis it will be the pensioners who will suffer. But if the rate of return is better than expected, only a third of the current schemes provide for any automatic increase in pensions after retirement.

Much of the money that is invested in property or the stock exchange would never have found its way there without the direction of the insurance companies and pension funds. The vast sums channelled into these markets have saved many speculators from ruin and have boosted the profits of stock exchange whizz kids.

An average 20% of pension fund money is poured into the property market. With some individual funds it is even higher. The NCB fund has 30% in property. Not content with purchases of prime property sites like the British Home Stores site in Oxford Street, it is actively involved in the development of shopping centres, up and down Great Britain. The NCB manage nine shopping centres, while four more are managed for them by property companies and local authorities.

The pension funds' involvement in property has been of direct assistance to companies trapped in the wreckage of the crash of 1974. The Post Office and British Airways pension funds jointly purchased Berkeley Square House from Town and City Properties for a sum of £37.5million. The NCB fund, which had already invested money in the fringe bank Cedar Holdings, took over the rest of Cedar Holdings' property portfolio at a cost of £5million when the company went bankrupt in 1974. These examples, two from a long list of operations by the pension funds, have helped to keep property prices on the increase.

Conduit

Ultimately the mass of money pouring into property has an effect on everybody. The higher the rise in property prices, the greater the rents that have to be paid.

The pension funds claim that their role can be beneficial in providing investment for industry. There is little truth in the claim. Money invested in the stock exchange never reaches industry, it merely boosts the price of existing shares. A useful way of making a quick killing, but irrelevant when it comes to investment in new equipment or for expanding capacity.

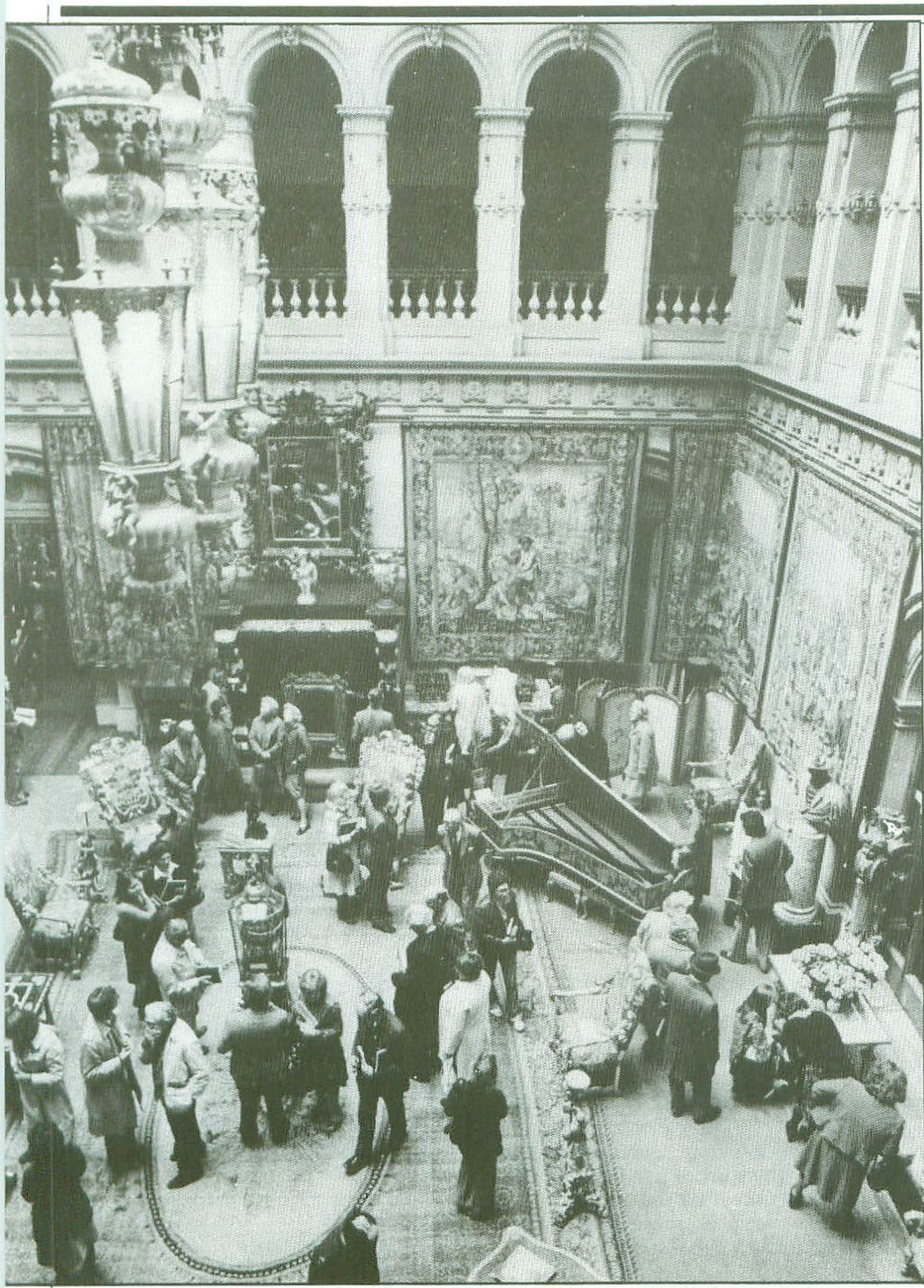
However, with approximately 50% of issued share capital in the hands of institutions, their buying power is considerable. Conscious of the effect they can have, the pension funds have been taking steps to avoid driving up prices. To achieve this many of the large funds are now buying up investment trusts. These are companies which operate as private unit trusts and themselves own shares in other companies.

Both the Coal Board pension funds (one for the staff and one for the workers) have purchased a holding in the British Investment Trust, at a combined value of about £86million, giving a majority stake. In April 1979 the British Airways pension fund made a bid of £40million for the Debenture Corporation, another investment trust. The explanation given by BA pension fund for the bid reveals the extent to which share and property prices generally have been supported by the funds. "£40million is about six months of net inflows, and the fund reckons this sum would take a number of weeks to invest in the UK equity market without driving up prices."

The mass of funds collected weekly from the wage packets of workers is channelled into a system whose representatives state that wages have to be held down and social services cut. This is to ensure that the return on capital is adequate. In this situation ownership does not guarantee any control. The logic of the capital funding schemes is that the greatest return on capital is demanded and therefore the funds have to be invested where they will achieve the highest profits. These funds, composed of workers donations, only contribute to an economic system whose victims are those same workers.

The integration of the funds into the financial system also extends to the level of personnel. The investment advisory panel of the NCB includes several men with financial connections elsewhere. A.W. Campbell Allan, a member of the panel, is the managing director of Gartmore Investment Ltd., a subsidiary of British and Commonwealth Shipping. The NCB pension fund owns 439,700 shares in British and Commonwealth Shipping which if dumped on the market could conceivably have an adverse affect on the price. Gartmore Investment Ltd also manage fourteen investment trust companies with total assets of around £300 million. A.P. Ashford another member of the NCB advisory panel, is a consultant to John Govett & Co, investment managers, who have eight investment trusts under their wing. Sir Oliver Chesterton is chairman of the Woolwich Building Society, and J. Emms is director of Commercial Union Assurance as well as National Westminster Unit Trust Managers.

The investment decisions of insurance companies, unit trusts, and private investment trusts are concentrated in the hands of a tiny minority. **It is not difficult to**



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The Mentmore sale. The British Rail pension fund was a major buyer.

see how a conflict of interest may arise for these people between their advice given to the pension funds investment and their own investment operations.

The majority of pension funds are managed by the merchant banks or the insurance companies. As the *Investors Chronicle* commented recently: "65 organisations control the major part of pension fund investments and they are accountable to part-time trustees whom they meet on a quarterly or less frequent basis."

This concentration of control is not balanced by any power on behalf of the supposed beneficiaries. A recent survey by the National Association of Pension Funds pointed out that only a half of pension funds had any provision for worker participation in the management of the fund.

The control that is vested in the pension fund managers and advisers is frequently exercised in mergers and takeovers. The way the institutions intervened, to achieve better terms, in the takeover battle for Lyons by Allied Breweries is an example of this. Other instances include the blocking of the purchase of Wilkinson Match by Allegheny Industries and the prevention of S. Pearson and Son from purchasing a further interest in Pearson Longman.

Fund managers often enter into concerted action and intervene for their own purposes. But when their power is mobilised it is never used in the wider interest of the people they are supposed to represent.

In 1977, believing that interest rates were about to rise, they held out of the gilts market and refused for several weeks to buy government securities. In effect they forced up the interest rates. Thus the government, in order to finance its debt, had to pay more to borrow money. Exactly the same thing happened in the summer of 1975, which forced the then Chancellor, Denis Healey to introduce the first of his swingeing cuts in government expenditure. And these cuts have continued. As a result less is being spent on the aged and sick, and workers in nationalised industries are being thrown on the dole. At the same time pension fund managers argue that they play a useful role in warning the government that it is 'going off course'.

Other peoples' money

The pension funds and insurance companies theoretically exist to benefit the millions of people who donate to them every week. Pension rights were used by the Diamond Committee to show that there had been a redistribution of wealth. In reality they are part of a process of providing capital to the markets. They have been used to prevent bankruptcies of property companies and fringe banks, legacies of the Barber boom; they have forced up the price of property and agricultural land and they have paved the way for the tightening up of government spending and the forcing up of interest rates.

The emergence of these investment 'experts' of the pension funds and insurance companies as arbiters of industrial policy, is one of the most significant trends of the last few years. Without any consultation, they are using large amounts of capital comprising other peoples money, mainly that of working people, to influence companies and exercise control over the social and economic policies of successive governments.

THANKS A MILLION

Top salaries and perks.

The power that the chairman and directors of companies wield extends to the money that they pay themselves. In 1978 while the Government was trying to keep down wage increases to 5%, company chairmen were awarding themselves considerably more than this.

Sir Terence Beckett, the chairman of Ford Motor UK awarded himself a rise of 80%, and received the grand total of £76,431 for 1978. This was not particularly excessive, after all, George Robinson of Denby Ware received an increase of 108%, and picked up £12,511. Differentials though, were maintained, as the highest paid chairman was still Lord Grade of Associated Communications Corporation who received £195,208.

Highest paid directors in the UK 1978/9

Lord Grade	£195,208	Associated Communications Corp.
R.R.S. Edgar	£132,000	Hill Samuel
A. Stewart Moore	£110,750	Gallaher
C. Pockock	£109,634	Shell
M. Hodgson	£107,278	ICI
Sir David Steel	£105,804	Vauxhall Motors
W. Price	£101,842	Plessey
G.J. Wilkins	£89,136	Beechams Group
Peter Macadam	£78,843	BAT

With so many directors holding multiple directorships, income is often obtained from several sources. Lord Errol of Hale received £69,694 as chairman of Consolidated Gold Fields and he was able to supplement this with another £21,139 which he received in 1978 as chairman of the Bowater Corporation.

These people are very well protected from the hardships of daily life that the majority have to suffer; the increasing cost of getting to work, buying shoes for the children and finding the money for the rent or mortgage.

Together with high fees and salaries come other perks. These are extended down the scale so that even quite lowly executives, who have no chance of making it on to the board, receive some assistance in addition to their income. The practise of perks has grown considerably during the last few years as successive governments have urged wage restraint.

Two of the latest surveys on executive pay and perks reveal that in the twelve months up to July 1979, executive pay increased by 15% and over 235 executives received £30,000 a year or more.

Popperfoto

Lord Grade.

Assistance

There are other important benefits which provide for a life style exclusive of tax disadvantage. The sole use of a chauffeurred car is provided for 264 directors, while 69% of executives have the sole use of a company car. Companies also help towards the cost of private education and house purchase. Over 65% of executives receive assistance in these areas.

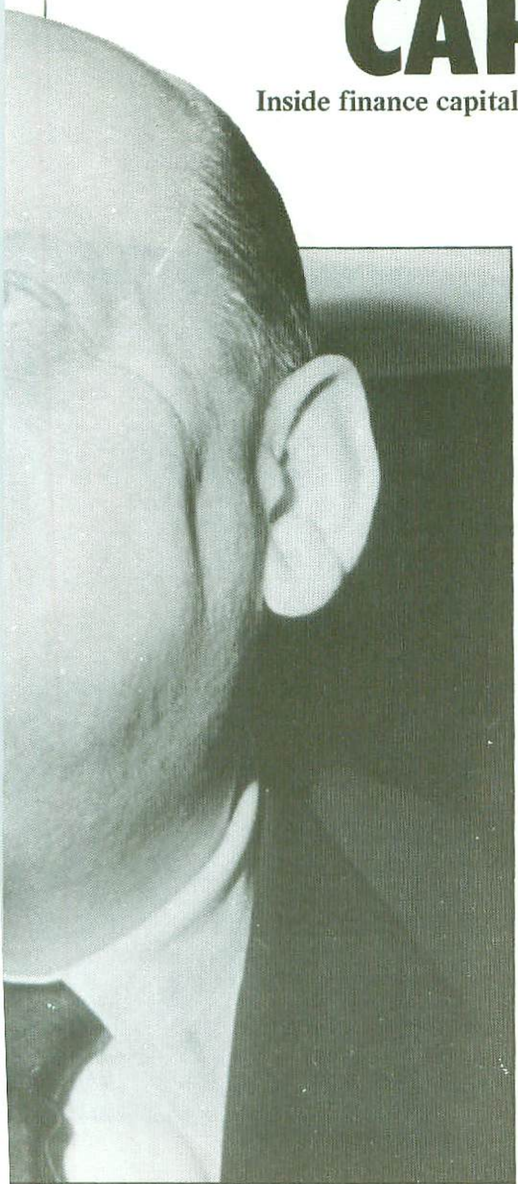
With so much of the day to day cost of living provided for, the actual money received as salary is worth far more. With the sort of perks that are becoming available, rich and extravagant life styles can be supported on comparatively small amounts of income.

The same is true for many other people, such as directors of small private companies, solicitors and accountants who can effectively have much of their true income disguised as business expenses.

Ironically many of the most well-off in terms of income and tax free benefits are those people who make their living servicing the assets and fortunes of the wealthy. As the rich need to spend more time protecting their wealth from inflation and the intrusion of the state, whole armies of professional people are employed devising defensive measures. The rewards for both are very great.

CAPITAL GAINS

Inside finance capital there's more to be made for those who have already got it.



The London Stock Exchange.

"Pennies don't fall from heaven, they have to be earned here on earth". (Margaret Thatcher November 12th 1979.)

This is true of course, but some people benefit very well from the pennies that other people earn. This is the secret of being rich. The wealthy are constantly occupied in preserving and increasing their wealth and to do this a number of methods are used. The way they do it affects all of us.

The perfect example is the money market of the City of London. Here money is allowed to make money and at the same time, since it is linked to the government debt, decide the course of the economy.

The government debt is the difference between what the government receives each year from taxes and what it spends on arms, social services, housing, aid to industry and so on. Currently the debt is estimated to be £8.3 billion for 1979 to 1980. This deficit figure compared to that of 1975 is very small in real terms and takes no account of the effect of inflation on the value of money. Of the total deficit, £3.8 billion will actually be paid out by the government as interest payments to the City of London.

In order to finance its debt the government borrows money, at high interest rates, from financiers in the City. It does this in the form of selling securities. However it is the financiers who decide the terms of the loan.

Gilts

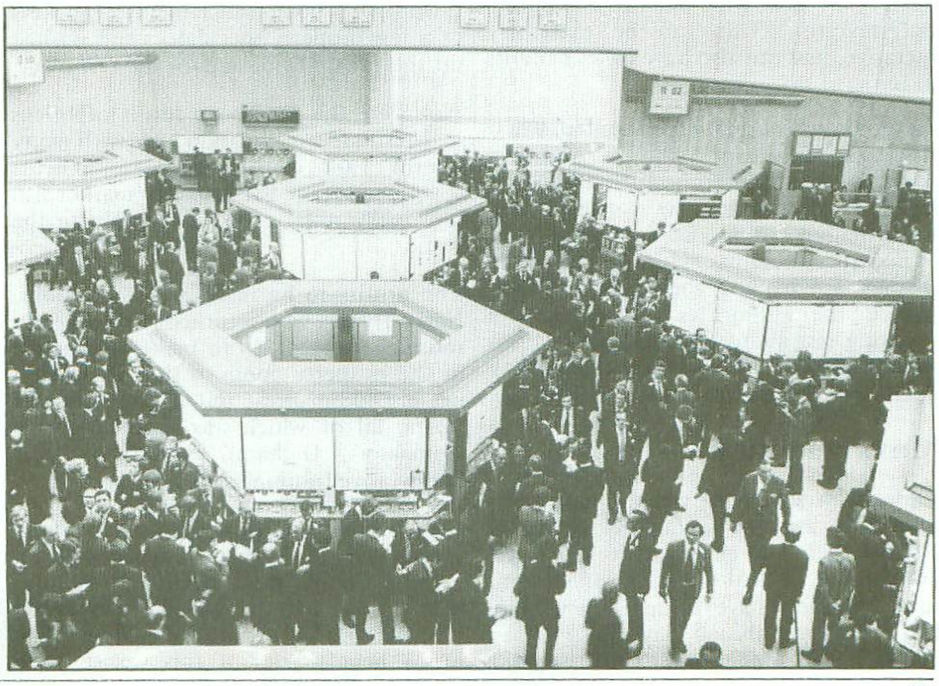
If they are unhappy about the rate of inflation or the growth of the money supply, effectively they can refuse to buy any government securities until they get what they regard as an adequate return on their capital. This return is guaranteed for the life of the security at no risk to the lender. As the *Sunday Times* told its investors; "For the man with £10,000 and security in mind, then gilts are a real starter".

Some recent sales of government stock are paying 15% interest each year. The opportunities for profit are enormous. The *Financial Times* commented at the time; "Three billion pounds of stock has been sold at yields which are a full point higher than they need have been in a more smoothly functioning market, and tax-payers will have to find an extra £30 million a year for years to come." (Feb 1979)

At the moment interest rates are historically the highest they have ever been. They have been forced up by the money markets alarm at the increase in bank lending and in money supply. The cost of borrowing money has a crucial effect on the fortunes of industry and those who work in it and also on the finances of local government, the health service and the cost of living.

One of the first institutions to raise its lending rate in November 1979 was the National Westminster Bank, which raised it in advance of the government from 14% to 15%. The profits for the National Westminster Bank Group in 1978 were £279 million, an increase of 25% over 1977. It can confidently be predicted that these profits will be even higher for 1979.

So while bankruptcies and redundancies increase because of the squeeze, and social services are further attacked, the wealthy and their institutions are protected from the ravages of the crisis



by ensuring that their wealth is maintained and increased.

Local authorities, who also have to finance debts in the same way as central government, pay even higher interest rates to attract money, and this is reflected in reductions in local government spending, reductions in council house building and rate increases.

The Duchess of Devonshire told a council tenant in 1972, when opening a new council estate in West Derbyshire; "You are extremely lucky to have a new house, I have only ever lived in second hand houses". Not only does the Duchess have four homes (house is not adequate to describe a castle in Co. Waterford), but the attempts of people like her to maintain their wealth have driven up the cost of providing council houses to an extent that hardly any are now being started.

With the abolition of exchange controls, the opportunities for investment have been enormously widened for the wealthy. As far as capital is concerned, there is no such thing as a national economy. It has always been possible to invest overseas, but the existence of exchange controls made it somewhat expensive. With their abolition the benefits of international dealing are now wide open to the potential investor. This can be extremely lucrative, and can also have other benefits in terms of tax evasion.

As the *Daily Telegraph* commented, when the announcement about exchange controls was made; "The Inland Revenue has been given some new worries. It will be difficult if not impossible to keep track of taxpayer's receipts in foreign currencies if they are banked and spent overseas. Indeed the authorities find themselves knowing less about financial transactions than before . . . the basis for making policy decisions has been weakened". (27.10.79).

Moving money

Those who advise the wealthy have been quick to see the point, Swiss Banks advised their UK clients to hold at least 10% of their portfolio overseas, and several fund managers have launched new unit trusts to invest abroad. Save and Prosper and G.T. Unit Managers, are just two who have launched funds to take advantage of the fixed interest markets overseas that are now available to the British investor.

Income will come from three sources. First, by shifting capital around the world to take advantage of the different interest rates prevailing in London, New York or Tokyo. Second, by moving money in and out of different currencies as exchange rates vary and finally receipts from interest payments.

While the wealthy protect their assets in this way by moving it around from one lucrative investment to another, the rest of us will feel the pinch even more. Money leaving the country has an effect both on the value of the pound and on the currency exchanges. As the value of the pound drops, inflation increases. This greater flexibility of money will mean that the money markets will be even more volatile, and interest rates and government spending will be much more affected as competition to borrow by authorities intensifies.

Money makers

There are other methods by which the rich increase the value of their assets. The best example in recent years has been the property boom which lined the pockets of a few property speculators and pushed up the price of housing for the rest of us.

Nor were the results, in terms of bricks and mortar, worth the money with many of the most conspicuous developments lying empty and the property market still not really able to properly evaluate the rest.

The profits to be made were enormous. Harry Hyams who returned from an early retirement (aged 30) to make his fortune in the property boom of the late sixties, made £400m profit out of an outlay of £27m, all of which was supplied to his 'company' Oldham Estates by the Cooperative Insurance Society.

Joe Levy's enterprise was even more spectacular. On one property alone, Euston Centre now occupied by the Post Office and the DHSS, Levy made a clear profit of around £60m. The major beneficiaries of this wealth were

Joe Levy and his family and one other director. Again the money was made from loans at fixed interest from the Midland Bank and the Scottish and Amicable Life Insurance company. Levy's company put up no more than £1,000.

"We are the money makers" was a favourite phrase of one of the most notorious speculators of all time, Jim Slater. Slater himself reckons that in 1972 he was worth £8 million. Speculator really is not the right word for Slater. For the City at least and many of those who followed him he was the epitome of the capitalist system working at its best. Indeed he was identified with the new type of Toryism then emerging under Heath.

Slater may have lost much of what he made, but it is significant that the more 'respectable' end of the partnership

Peter Walker, now Minister of Agriculture in Thatcher's government made his fortune in the company. He was one of many.

In March 1979, Walker bought a 267 acre estate at Martin Hussingtree near Droitwich for £100,000, to be the family home. At this time he also bought a house in Cowley Street in Westminster, and early in 1972 he bought another farm in Shropshire for a reputed £50,000.

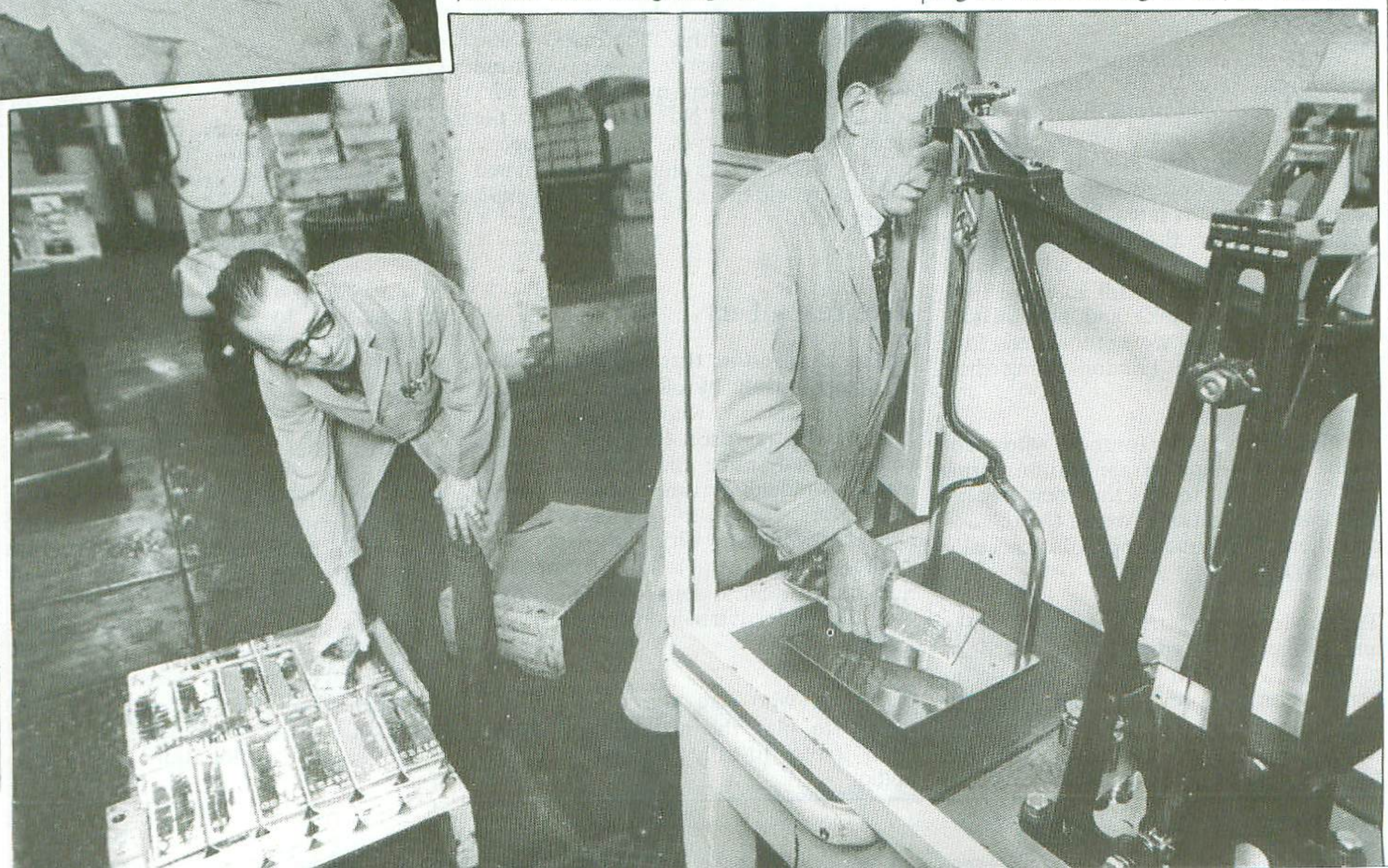
Carnival

Another prominent conservative politician, who also made money in an early partnership with Walker, has shown what levels of wealth can be extracted from transactions in finance markets. Edward du Cann recently sold his share of Cannon Insurance to a Canadian Group for £1¼ million. Du Cann was until four years ago the chairman of Keyser Ullman, and the money for Cannon originally came from the company. He left still owing the company £772,000. Preferential treatment given to the directors of the company are still evident today. A number of directors have been lent a total of £870,000 at very advantageous interest rates. At the same time 13 directors were enjoying mortgages costing just 3% per year. The ordinary home buyer would be paying 12%.

Share transactions too can create fortunes. On just one day in June 1977 dealers who bought BP shares from the government, saw their investment increase in value by £53½ million.

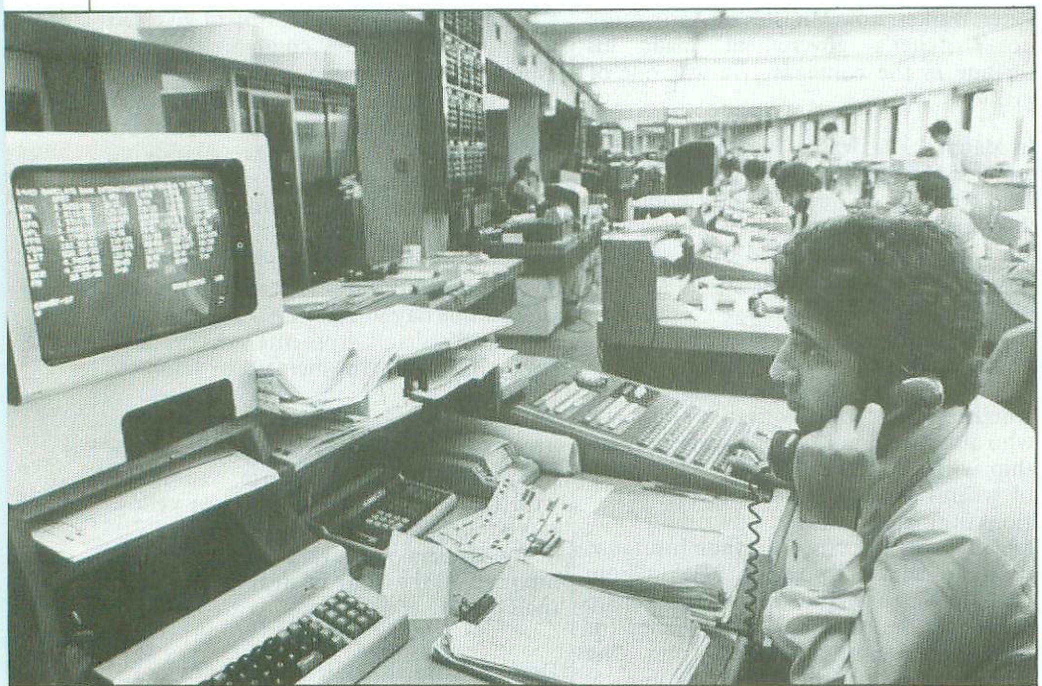
"It was a real carnival atmosphere" on the floor of the Stock Exchange, "complete with fancy dress – oil jobbers in yellow safety helmets". (*Daily Mail* 3.7.77.). Many dealers sold their shares within minutes of the start of dealing and took their profit.

Despite strident objections from some inside the Labour Party that the government should be increasing not decreasing its shareholding in BP, at that time



Left: Duchess of Devonshire.
Below: Gold being weighed.

Popperfotos



Popperfoto

standing at 70%, Chancellor Healey persisted, and so set off a rush of speculators.

"This looks an investment that is safe as houses. Safer". *The Scotsman* told its readers, Applications for shares had to be made on special forms. Although each share was priced at 854p, only 300p had to be paid immediately, the rest to be paid six months later. Since there was a strict limit on the number of shares allowed for each form, those who wanted large amounts had to fill in more than one form. The banks and post offices holding the forms were inundated. City gents drove round London filling their cars with forms.

"It meant rich profits for those who spent Ascot week filling in application forms and coupons from the newspapers. Multiple applications weren't excluded and these illustrious people did especially well". (*Daily Mail* 3.7.77).

The underwriters, the merchant banks and brokers who administered the deal, made £7¾ million out of the sale in commission. Those who had filled in the form knew they were to make a 'killing', but could never have believed that it would be quite so much.

Within minutes of the stock market opening, on the day of the sale, the shares that had been bought for 300p were soon around the 380p mark. There was 'bedlam' and 'pandemonium' as those who wanted out were met by those who wanted to buy. "No brokers left the floor with black eyes, but I did speak to one who had his shirt buttons ripped off" commented the *Sunday Telegraph* reporter.

The rest of us

The small investors that had been spoken of so defensively by all sides in the lead up to the sale, and whose alleged interest in the sale was used to quieten critical voices raised inside the Labour government, suddenly turned into demon speculators, 'stags' as they are endearingly known in the City. "Most personal applicants went for a short profitable ride rather than as long term investors" was the understatement of the *Sunday Times.*

To those who had the time and the money to play the market, the government quite literally handed out £54 million.

One of the latest areas for making money is the commodity markets, again much more interesting with the abolition of foreign exchange controls. As the *Financial Times* pointed out on the 25th October 1979, "Interest in commodity investment has grown enormously in recent years as a 'hedge' against inflation".

Exactly what the idle rich have got to do with platinum, orange juice, pork bellies and live cattle is not immediately obvious. But speculation in a whole range of such things is now an accepted part of international investment. In most cases the money is made by gambling on the likely future price of a metal or a foodstuff. The speculators simply buy future options on contracts of whatever commodity they are dealing in. When the right time comes these are sold. If everything goes as planned there is a huge profit to be made. The fact that it can also be done the other way round, in anticipation of a fall in commodity prices, by selling commodities that you don't yet own, and buying them at a later date at a cheaper price, gives considerable flexibility to the speculator.

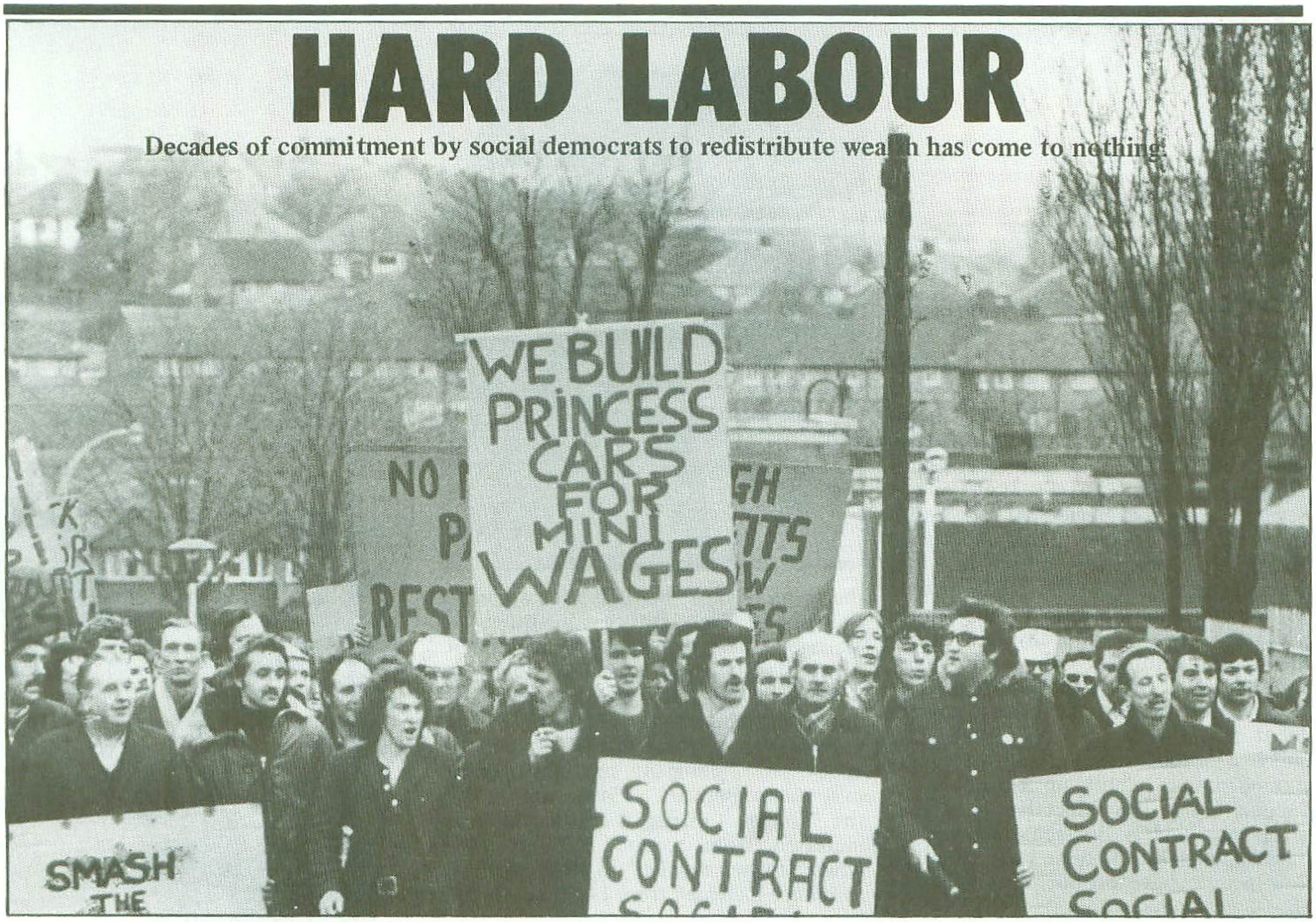
There is one necessary condition to this kind of dealing. You need an incredible amount of money to begin with, or sufficient rank inside the ruling class to be able to borrow into six figures. Once you are in, you need have little more to worry about. Apart from the occasional miscalculation, the millions will roll in.

Who pays? Eventually the prices set in the market by the speculators will filter down into food prices and the general cost of living of ordinary people.

Whatever the method employed to increase the fortunes of the wealthy, they can only do so at the expense of the rest of us. An increase in the rate of interest means that people have to work harder to produce more profits at work, and pay more for housing, and other services at home. If property prices boom, rents rise, if commodity markets take off, the price of coffee or other goods go up, in fact the condition of the wealthy remaining wealthy is the exploitation of the rest of us.

HARD LABOUR

Decades of commitment by social democrats to redistribute wealth has come to nothing



When the Labour government was elected to office in 1974 its manifesto had claimed that it would – "achieve far greater economic equality, in income, wealth and living standards." When it attempted to introduce the social contract, it promised to **"Bring about a fundamental shift in the balance of power and wealth in favour of working people and their families."**

But what actually took place in the years of the last Labour government? There are still an estimated 29,000 people whose wealth exceeds £200,000, and in many cases far exceeds this amount. Over half the population own less than £1,000 and recent figures from the Supplementary Benefits Commission show that over eight million people, or one family in every five, live below or on the poverty line.

No homes

According to the Department of Health and Social Security, the number of poor families increased by 37% between 1974 and 1977. Over the same period the number of individuals living in poverty increased by 43%.

By 1978 there were fewer council houses being built than in any year since the war. The social service cuts introduced by the Labour government meant the loss of 25,000 hospital beds. Jobs were lost at the rate of one thousand a day, and unemployment was around the two million mark in real terms. On the question of pay and prices, Robert Sheldon, the Financial Secretary to the Treasury, told the House of Commons on 30th January 1979 that a family of four on average earnings, were £2.65 worse off a week in real terms than in 1974, and that living standards were lower than in 1972.

In short the past six years have seen a real shift in wealth back to the wealthy. In the first two years of the Labour government the share of the nations wealth held by the richest 5% of the population increased from 43.1% to 46.2% while that of the bottom 50% fell from 7.1% to 5.6%.

In 1974, Denis Healey said, "We will squeeze the rich until the pips squeak". As part of this programme, the Labour government raised the level of income tax on higher income earners and increased corporation tax. In response, the Confederation of British Industry mounted a rapid counter attack arguing that taxation was punitive against the wealth creators and unequal in its impact. They stated that 'Since the Second World War, income tax on individuals has remained at high levels with harshly progressive scales and a bias against investment income. Moreover estate duty and the capital transfer tax have been imposed on a highly progressive basis.'

Unequal

The rhetoric was remarkably successful at hiding the fact that the total taxation system has very little progression built into it at all. To start with more than 50% of all taxes are flat rate. These are the indirect taxes like VAT and various duties on petrol and alcohol which hit low income people harder. Even direct taxation is not as progressive as is commonly assumed and is today less progressive than it was twenty years ago. Between 1959 and 1974/5 the average tax value paid by 90% of the population more than doubled, whilst the richest 10% faced increases of 25% and the richest one per cent increases of only 10%.

There are four reasons for this, none of which have anything to do with a decline in the size of the treasure chests of the rich.

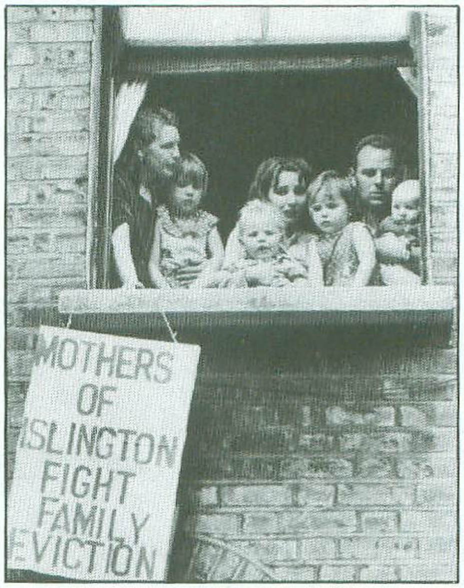
Successive governments throughout the 1960's played around with the income tax bands in an attempt to boost incentives for middle and upper management and professional workers without reducing the total tax take. It was one of several growth strategies. At the beginning of the decade there were three levels of reduced tax rates before the standard rate came into effect for people on roughly average earnings. Thus people on low incomes gradually moved up the scale. Throughout the sixties these intermediate bands were removed, to be finally abolished by the Labour government in 1970. In their place was left a much extended standard rate of tax – extended that is both up and down the income scale. The effect has been that people on widely different incomes are taxed at exactly the same rate. Those on low incomes have lost out.

This situation has become even more marked in recent years as inflation has pushed people on low incomes into the tax system for the first time. It has meant for them a jump in the rate of taxation from 0% to 34%. No other income group has been so severely hit. The expanded standard rate has meant that most people on middle incomes have remained in the same tax bracket, while at the top end of the tax system, moves from one rate to another are very seldom more than 5%. Those on low incomes have lost again.

Burden

There has been an increase in the number of tax allowances and reliefs, most of which benefit the better off. More than twenty years ago a Royal Commission on Taxation of Profits and Incomes worried that: 'the tax system, behind a facade of formal equality, metes out unequal treatment to the different classes of the tax paying community.' Today it pays to have a mortgage, life assurance and a private pension, and the bigger the better. Those who cannot afford them lose out.

Finally, most surtax payers have learnt that payment in kind is infinitely preferable to a wage increase, with the result



that the fringe benefit industry has flourished. The British Institute of Managers has reported that 65% of companies increased their fringe benefits between 1970 and 1973 and half had improved them still further by 1978. The two fastest growing areas of benefit appear to be company cars and medical insurance. Between 1969 and 1977 the number of managers entitled to a car increased from around 50% to 64%, whilst those entitled to free medical insurance increased from 14.5% to 38.8%.

By April 1976 the CBI saw the start of the success of its campaign. Higher tax rates were cut in Healey's budget and again in 1977. The burden of income tax on the poor was increasing in the interests of the rich.

The other plank of the Labour party's redistribution of wealth in society was a tax on wealth. This finally took the form of the Capital Transfer Tax, designed, not as in some countries as an annual tax on wealth, but a tax paid when wealth was transferred. The effects of CTT are illusory. Exempted from the provisions are such things as agricultural land and holdings, woodland, and some

business assets. Far from being a tax on wealth it is now accounting for less than 2% of revenue income, a lower amount than the old estate duty which it replaced, and which was so easy to avoid that it was regarded by the Inland Revenue as a 'voluntary tax.'

The most obvious collapse by the Labour government was over Corporation Tax. In 1975 and 1976 allowances were given to companies which effectively eliminated Corporation Tax. In 1974 this had raised 7.4% of total taxation, but by 1976, according to the Treasury in its February Economic Progress Report, 'the residual mainstream Corporation Tax bill can be nil.' These concessions were estimated to have given companies an extra £600million in profts every year, which could then be distributed in dividends to the existing owners of wealth in Britain.

Privilege

Throughout this period the British economy, along with the rest of the world was suffering from a major crisis, as unemployment rose, inflation rocketed and production fell.

The Labour government in the guise of Denis Healey went cap in hand to the International Monetary Fund. As a result Labour did a complete turnaround from its promises of 1974. It abandoned any attempts at a socialist solution and saw

no alternative but to increase the burden on ordinary people. Health and education were cut, gas, electricity and transport prices rose enormously, there was a massive shift of wealth into company profits, taxation was transferred onto the wages of working people and round after round of pay restraint was enforced.

These actions meant that the owners of industry, the minority of 5% of people who own most of the wealth of the country were given concession after concession to their privilege and power. And today, despite what Thatcher and the Tories say, inequality in Britain is as marked and divisive as it was fifty years ago. More importantly, in the last few years, steps have been taken to see that it deteriorates even further. The structure of our society is still in the hands of a rich and self interested minority.

CONCLUSION

Britain, along with the rest of the world, is facing the worst economic crisis since the start of the Second World War. Inflation is rising month by month and unemployment is once again on the increase. Major industries are in turmoil and everyday there are reports of new redundancies or factory closures.

At the same time in a desparate attempt to stave off disaster, the Conservative government is carrying out a series of measures which will increase the burden of the crisis on ordinary people. From increases in prescription charges to the massive hike in interest rates, the effect of their policies is to increase unemployment, add to inflation and slash ordinary peoples living standards.

New measures are being introduced and sacrifices imposed in the cause of the 'national interest', that hoary old phrase that is trotted out every time that the living standards of working people have to be cut. In reality, the actions being taken by the Conservative government shelter and protect the wealth of a small minority of the population, to ensure that they at least do not have to make massive sacrifices in the way that they live.

Decisions about cutbacks in the health service, in council house building and reductions in transport services are made by people who never use these services themselves and who are more at home on the grouse moors than on the streets of Britain.

When Margaret Thatcher announced her attack on the 'scroungers' she did not include such people as Michael Pearson, son of Lord Cowdrey, who inherited £7 million at the age of twenty one, together with a 10,000 acre Sussex farm and a house in Kensington valued at over £1 million. His father's vast multinational empire of newspapers, oil wells, investment companies and banks will one day presumably be his, for no other reason than an accident of birth. He doesn't need to be work shy because he won't have to lift a finger for the rest of his life.

Apart from his inheritance, the policies being adopted by the Conservative government will actually increase his claims over the wealth of Britain and ensure that it remains in the hands of a few.

Alongside these measures the Conservatives are introducing legal action to make picketing and trade union organisation difficult.

Once again it is the worker and his family who are being forced to bear the brunt of the national burden.

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We would like to thank Labour Research Department: 78 Blackfriars Road, London S.E.1. (01-928 3649).

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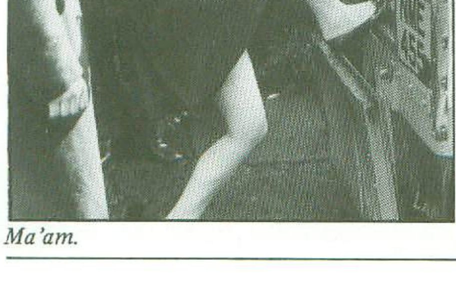

Ma'am.