

Extraordinary Gentlemen: the Economic League, business networks, and organised labour in war planning and rearmament

Christopher W. Miller

Introduction

For an organisation active for three-quarters of the twentieth century and heavily backed by some of Britain's largest companies, it is astonishing how little is known about the Economic League. Founded after the First World War by well-known and influential individuals from the upper echelons of business to 'disseminate economic knowledge [and] put forward the case for capitalism amongst the working class',¹ ephemera produced by the League, especially for the period between the two world wars, was circulated by the million and still survives in significant quantities. However, the totality of published academic historical research into its activities extends to just one article and one (self-published) book, by Arthur McIvor in 1988 and Mike Hughes in 1994, respectively.² Never at any point willing to divulge its past secrets, the League denied McIvor access to its archives while Hughes based his work on a handful of published sources. Late 1980s and early 1990s investigative journalism by Paul Foot and others into the League's systematic blacklisting of workers brought about its collapse in 1993, and with it – it appears – the deliberate destruction of its records.³ Thus, until now, Hughes's work marked the end of research into its activities.

McIvor and Hughes did, nevertheless, succeed in establishing the League's importance in 'crusad[ing] for capitalism'⁴ and shedding much-needed light on its unsavoury activities. Nevertheless, very little remains known. Research for the period before 1945 has tended to focus upon the League's blacklisting and (occasionally) strikebreaking tactics, which ran parallel to its public propaganda and pamphleting machine. This work has led to it being ranked as

one of the most powerful and most durable employer organisations of the time.⁵ Outside of this sphere (and excepting the journalism that ended the League's existence in the 1990s), the League's place in history is confined to footnotes or margins, and when touched upon in other studies it is almost uniformly concerned with British fascism and anti-socialist activities, or the history of radical politics between the Wars. As a result, some basic questions remain open and unanswered. First, while the League's founding figures are known, attempts to probe their connections to politics and finance to establish the League's influence have not yet been made. Similarly, how the League was financed or the capital made available to it to carry out its work is a topic shrouded in almost complete mystery. Most importantly, for an organisation that sought first and foremost to 'champion capitalism as a cause', its success against this measure has been afforded less attention than its operation of blacklists, which were for many years an afterthought to the League's main activities. In short, how 'powerful' the Economic League actually was has not yet been fully interrogated.

Thus, this paper has two goals. First, it attempts to answer some of the questions about the League's membership and finance. Second, it seeks to understand the League's 'power' by viewing it through a different lens, not only as a shadowy organisation whose dubious activities warrant highlighting, but as an organisation with aims and objectives like any other, which took decisions that can be evaluated and whose success one can attempt to measure. To achieve this, it is clear that the years of initial defence planning and subsequent arms expenditure programme from c.1932 to 1940 require a re-examination from an employer, rather than employee, perspective.

Rearmament presented the League with a challenge only rivalled by the 1926 General Strike in its (then) short history. The period witnessed a strong rebound in the skilled labour market, and the rediscovered bargaining power for workers also brought about a

revival in organised labour and trade unionism, which had been severely weakened by several years of low demand. For employers, this heightened the prospect of workplace agitation and strikes for better pay and conditions.⁶ The League's response to the rearmament drive highlights its political-cum-class character, the strength of its membership, and the extent of its influence upon major industrial events. In particular, an examination of the 'Information and Research Department' (IRD) – an arm distinct from its public propaganda and blacklisting activities – can, where material survives, highlight the success (or failure) of the League's rhetoric and 'research' to alter circumstances in its favour.

The League's activities in this period are reconstructed in this article through a reading of surviving evidence from a selection of primarily shipbuilding and engineering firms active in armaments manufacture during the 1930s. Much of this is being presented for the first time.⁷ In particular, the League's research papers – provided directly to firms in a more bespoke manner than the widespread propaganda pamphlets – are analysed in order to show a side of the League not covered in the handful of broader studies. Crucially, these companies sat at the heart of the rearmament drive, employed tens of thousands of skilled staff in working-class areas of cities – particularly Glasgow, which by the 1930 had suffered significant unemployment as a result of the weak economic outlook and disarmament drive of the preceding decade. At the top, the firms were run by men with long-standing connections to Conservative politics, who were some of Britain's leading industrial figures of the day in their own right.⁸ Moreover, the critical importance of efficient rearmament in the later 1930s – and the related impact of workplace stoppages on it – cannot be underestimated.⁹ In short, in the 1930s, it was precisely these kinds of places where the success or failure of the League's 'crusade for capitalism' would be most keenly felt.

There is also a related methodological advantage to approaching the League's work in this way. The shadowy nature of the organisation and refusal to make public its research to non-subscribers has hindered the attempts of journalists and historians alike to understand both the scope of its actions and the depth of its relationship with industry. By contrast, some of the industries that supported it have for the most part large and accessible archival collections, and have often retained copies of confidential League material. These are not easily located. Firstly, because no complete list of pre-1945 subscribers survives and, secondly, because material is often scattered thinly across a collection - sometimes in the personal files of a director or shareholder, sometimes attached to reports, sometimes even in official correspondence. Nevertheless, when found, it offers fascinating insights into the operations of the League and the relationships formed between it and business leaders.

Of course, it is still, regrettably, an incomplete and often one-sided tale. Letters sent back from the individual in reply to the League are most likely long lost or destroyed, and it cannot be ascertained whether the most delicate of material was not, in fact, intentionally destroyed many decades before the League's demise (and before the material reached the archive at all). However, the use of such sources allows the best remaining opportunity for more information to be obtained and for more definite conclusions to be drawn. The analysis of this original material is preceded by a re-examination of the League's formation and early years. This establishes the context within which the League conducted its activities during the rearmament years.

Formation and establishment

The League's establishment has been traced to 'early 1919' by Hughes or between December 1919 and January 1920 by McIvor,¹⁰ although the 1937-9 annual reports put the date between the two, in August.¹¹ Also, while the League has typically been

characterised as an 'employers' organisation',¹² this is not the full picture; although existing primarily to support the capitalist cause, a number of prominent members of the League throughout the interwar period came also from political or military spheres. The initiative behind the League's formation came from Sir Reginald Hall, then Conservative MP and decorated former Rear Admiral and Director of Naval Intelligence (DNI) during the First World War. Prior to this, Hall had been Assistant Controller of the Royal Navy from 1911-1913 and responsible, along with the Third Sea Lord, for material and procurement, resulting in numerous senior industrial contacts.¹³ At one point, it was claimed his reputation stood so high that he was spoken of as future Foreign Secretary.¹⁴ He is perhaps best known today for heading the secret codebreaking section 'Room 40' from 1914 to 1918, which reported, for a time at least, directly to Winston Churchill.¹⁵

Though Churchill later moved to the Ministry of Munitions, the two kept in close working contact. Here, Churchill headed an organisation remembered mainly for its successful and long-standing collaboration with business leaders, and where industry aided the government on procurement issues by sending some of its most senior employees to work with the Ministry's civil and military staff. This arrangement helped overcome severe production bottlenecks for the Navy and Army - particularly in shell production - and lasted until the Ministry's disbandment in the first years of peace.¹⁶ Hall, thus, was in possession of a unique skill set: he had in-depth knowledge of espionage; extensive military, business and political connections; and direct experience of industry and arms manufacture. This combination of contacts and experiences was particularly valuable in tackling industrial bottlenecks which had been exacerbated by strikes and/or a lack of skilled labour. The organisation he founded would make ample use of such abilities.

Hall, perhaps unsurprisingly, had little trouble finding support in business circles. Sir Allan Smith, director of the Engineering

Employers' Federation; Cuthbert Laws, General Manager of the Shipping Federation; Sir Arthur Balfour, a Sheffield steel magnate; and Evan Williams, director of the Mining Association; these four were among the League's founding members. They were joined by Major Richard C. Kelly, director of the National Publicity Agency, and the Conservative MP, businessman (and double Olympic gold medallist), John Gretton. Hall was elected to chair the new organisation - he continued in this capacity until 1924 - which first took the name 'National Propaganda', before settling upon the familiar Economic League title that it would hold for almost 70 years.¹⁷ In sum, while not uniformly composed of businessmen, the League's remarkably senior membership gave it legitimacy as an industrial organisation almost from the very outset.

Most of these figures, or at the very least the bodies they represented, had already been in close contact with Hall's department during his spells at the Admiralty before the war, and at the Ministry of Munitions during it.¹⁸ Furthermore, they knew one another; Balfour, Williams and Smith had, for example, previously collaborated closely on a Coal Industry Commission report for the government.¹⁹ These were also men of quite serious repute and wealth, trusted in both political and business circles. Extremists on the fringes they certainly were not. The stature of the initial membership was equalled by its budget: a figure believed to be quarter of a million pounds was set aside - a substantial sum in the early 1920s.²⁰

Activities, membership and finance

With a significant budget and a steering group drawn from the heads of the largest employers' representative bodies, the League quickly established itself; by the beginning of 1927 it claimed to have held almost 23,000 meetings in the previous three years, with a combined audience of almost four million.²¹ It was around this time that the League also diversified its portfolio of activities. With the propaganda arm now well-established and capable of

distributing close to a million leaflets a year, the League then looked to form a research department to 'collect facts and figures and prepare reports, pamphlets, etc. on social and industrial problems'.²² Its purpose was to provide subscribers with more in-depth studies that would inform them while its leaflets educated their employees.

The League claimed this aspect of its work was particularly successful. In its 1938 Annual Report, at the peak of rearmament, the League claimed a year of 'record activity' for its IRD. The League asserted that 'again and again the value of research was proved ... the number of enquiries dealt with was exactly 200, an increase in 14 over the previous year'.²³ The enquiries themselves were fairly varied; they included providing details of the Soviet Constitution, explaining the results of the introduction of holiday pay in France, and a comparison of the wages and working hours of miners at home and abroad.²⁴ It is, however, important to note that these were not intended as propaganda or to be distributed to the public - these were often highly confidential documents intended to influence opinion at boardroom level.

Much of the impetus for this arm seems to have come from a John Baker White, who directed the League for the 13 years preceding the outbreak of war. Unlike the decorated and highly experienced Hall who led the league until 1924, or the professor, surgeon, businessman and Board of Trade President, Auckland Geddes, who succeeded him, Baker White was just twenty-four years old when he assumed the directorship in 1926, with just a few years' prior experience in anti-socialist organisations. Indeed, until 1923, he had not held a full-time job.²⁵ Nevertheless, he got the role - much to his surprise - and a £400 a year salary to match. He had some background in intelligence, though in comparison to Hall it seems almost comically amateur: Baker White's connection to espionage was through a short-lived job in Special Branch (obtained through his step-father, an unpaid personal assistant there) as a mail courier.²⁶

It is important to note that Baker White was not the President, or even the Chairman, of the Economic League. He had significant stature, but was not responsible for deciding the direction of the League in the way Hughes has asserted.²⁷ In the organisational structure, he sat below – albeit as a member of – the Central Council. Nevertheless, in the role of director he was responsible for the day-to-day running of the League, and in practice it was highly unlikely to ever see any correspondence from the League signed by anyone more senior than Baker White. It also seems that he brought youthful zeal to the organisation, as over the next decade and a half he published numerous short books on communism and socialism, including *Red Russia Arms* (1932), *The Innocents Club* (1935) and *The Red Network* (1939), and edited or provided sections and forewords for many more.²⁸ Still, one should not make too many grand claims at this juncture: much of the League's research was mundane. The main output of the IRD was the *Economic League Bulletin*, which was available to subscribers of £5 or more annually, and offered commentary on international events or even book reviews that were for the most part not particularly revealing or confidential.

Some, however, was far more dubious. Upon request, or when it directly benefitted the League's goals, the IRD supplied employers with lists and dossiers of organisations and individuals who it regarded as 'dangerous subversives'. When the communist newspaper, the *Daily Worker*, obtained confidential letters between Baker White and Manchester police some years later in 1937, the League was forced to admit their authenticity – albeit by taking the newspaper to court (and winning) in a bid get the letters back. This would be the tip of the iceberg: the League is now best-known for the major blacklisting operation that continued throughout its history.²⁹ Of course, Hughes and particularly McIvor have covered the early history of the League and the secret blacklisting organisation in admirable detail elsewhere, despite

the lack of source material, elsewhere and as such there is little more to add here.³⁰

Leaving this, and the IRD, to one side for a moment, it is also necessary to understand the composition and financing of the League, for herein lie clues to its overall strength. The annual reports during rearmament offer an insight into the type of men (and it was men – one solitary woman sat amongst more than 160 male counterparts) that ran the organisation. A sample of the League's central council and regional bodies from 1937, in the midst of rearmament, reveals the League had many noteworthy individuals. Aside from Balfour (now a Vice President of the League) these included business luminaries Lord McGowan and Sir Christopher Clayton – the sole Managing Director and Ordinary Director of Imperial Chemical Industries (ICI) respectively – along with shipping and shipbuilding magnates, coal pit owners, four Lords, several past and present politicians (including four sitting MPs), over 30 senior military figures (Army captain or above) including nine full colonels and one major-general, and a great many more knights, senior civil servants or magistrates.

Compared with McIvor's similar study of the composition in 1925 (where two Lords, one ex-minister and five ex-MPs were represented)³¹, 1937 shows the League to have further increased its standing. It was, insofar as all were wealthy males, a 'diverse' body drawn from across Britain and across the fields of business, politics, law and the military.³² In the same report the League claimed a total of 523 new supporters in the previous two years alone, while its quarterly bulletin claims a paid-for circulation of 3,500. Subscribing to the bulletin required a fairly large financial commitment of five pounds or more per annum (roughly equivalent to two weeks' wages, and more than five times higher than LRD's subscription rate).³³

Again, comparing this with figures for the following year, 1938, which showed 428 new members in the previous two years but added just 100 to the bulletin's circulation, it would appear that either more than half of the League's supporters paid something, but less than the minimum required to receive the quarterly newsletter, or the League had an extremely high turnover of members. Assuming a 'truth' somewhere in the middle, the League's active membership – as opposed to those who read its pamphlets or bought its books – was likely to have been in the region of 5,000-8,000 during the second half of the 1930s.

In a similar vein, McIvor pointed out that, in common with other right-wing and strike-breaking organisations, there is a certain amount of mystery surrounding the financing of the Economic League.³⁴ For one, its financial position was never disclosed, even in the annual reports available exclusively to subscribers. As such, there is no clear picture of how well funded the League was at any point before 1939. This being said, some basic calculations can be made from available sources. For example, in 1938, the League claimed a circulation of 3,600 copies of each edition of its quarterly bulletin.³⁵ The minimum level of subscription in order to receive the bulletin was five pounds per annum, indicating at the very least £18,000 per year from this route alone. This is, however, to vastly underestimate donations; probably as many again provided the League with some funds below the five pound threshold, while some particularly affluent members gave ten times this figure regularly. It has also been claimed others channelled the resources of their own propaganda departments to the League instead.³⁶

Most tellingly, in letters to John Brown's shipbuilders in Clydebank and Atlas & Norfolk steel yards in Sheffield in 1936, the League noted a pricing plan based on one shilling per employee.³⁷ The League claimed that its subscribers totalled more than two million employees. This equates, very roughly, to a total subscriber income at the beginning of the rearmament period of

well over £100,000 per year, assuming only that the minimum was paid. Adding to this figure the individual members plus the sales of books and pamphlets, which cost anything from a penny to six shillings, and had claimed circulations in the tens of thousands,³⁸ it is reasonable to assume, therefore, that the income received by the League in a typical year during rearmament would have been upwards of £120,000. Indeed, LRD's own calculations for the years after the war, which estimated £142,000 in income for 1951, or the special 'National Defence Campaign' the League launched in 1937, which aimed for £100,000 in donations, seems to support these calculations.³⁹ Such a level of support enabled the League to finance a substantial body of staff, a fleet of distribution vehicles (known as the 'flying squad'), and the publication of millions of leaflets annually during the 1930s.⁴⁰

Rearmament

Rearmament first came to public attention in March 1935, when the National Government published a white paper on defence, stating the inadequacy of the current condition of the RAF, Navy and Army and the need to spend more to rectify this.⁴¹ While Frank McDonough and others have called this 'the starting point of British rearmament in the 1930s'⁴², preparations had, in fact, been going on behind the scenes in government for at least 18 months prior to that date, and the League's connections had allowed it some warning of what was to come. In response not to Hitler's rise in 1933 but to the Japanese threat to British interests following the invasion of Manchuria in September 1931, the government had convened a Defence Requirements Committee (DRC), which met for the first time in November 1933. The government also made use of the Principal Supply Officers Committee (PSOC), which had existed since the first half of the 1920s, and was in some ways a successor to the disbanded war-time Ministry of Munitions. Like the Ministry, the PSOC sought to make use of industrial knowledge to ease supply and procurement issues in the military. Indeed, the Ministry's

existence was owed to the 'Shell Crisis' in ammunition production in 1915, while the PSOC had come into existence upon the recommendation of several reports, one of which had been produced by prominent industrialist and former Ministry member, Lord Weir.⁴³ In October 1933, the PSOC invited three prominent business leaders into the fold to discuss future war needs. These men were Lord Weir, chairman of the giant engineering group of the same name, Sir James Lithgow, of the Lithgow brothers' shipyards and on the board of ailing arms firm, Beardmore, and once more, Sir Arthur Balfour, now Vice-President of the Economic League.⁴⁴

Like the initial membership of the League, or the composition of the defunct Ministry of Munitions, this panel placed three senior industrial leaders close to men with in-depth, secret military knowledge.⁴⁵ Like the League, the trio were well connected both with each other as well as politically: Weir was on first name terms with Stanley Baldwin, and had been friends with Lithgow since well before the Great War.⁴⁶ Balfour was an active member of the League; Weir also subscribed to it and financially supported it from at least 1920 to 1939. Lithgow – perhaps surprisingly given his near-constant vocal opposition to all forms of organised labour⁴⁷ – had no traceable League connections (other than friendship with members). In discussion with the key industrialists, the PSOC focused on 'bottlenecks' in supply and constraints upon the future speed of rearmament. Though Weir, Lithgow and Balfour were concerned with the reduction in private manufacturing capacity that had been brought about by the economic and political circumstances of the past decade,⁴⁸ they were also concerned by the lack of available skilled labour. This was likely, they believed, to be among the most intractable of problems: the political dynamite that any discussion on dilution or demarcation would set off would mean the issue was unlikely to ease in the foreseeable future.⁴⁹

This was where the League came in, by ramping up its propaganda effort: the output of leaflets more than doubled between 1932 and 1935, and then doubled again between 1935 and 1939, hitting 4.8m in 1938 against just 1m in 1931.⁵⁰ This was, more or less, in direct response to the rebound in the labour market, where skilled workers in the engineering and shipbuilding sectors had been buoyed by the return of work after many painful years, and had (re)joined unions to demand better conditions and wage increases. As the Amalgamated Engineering Union (AEU) put it, this was 'a sign that the workers are not prepared to allow the bad conditions imposed upon them in the heavy years of the depression to continue indefinitely'.⁵¹ In a similar vein, Labour MP, Sir Stafford Cripps - at a speech to striking Beardmore workers - urged men not to let 'the most glorious opportunity [they] have ever had' pass by, as if they used the 'necessities of capitalism to get power', their employers would be 'in your hands ... helpless'.⁵² Cripps, known to the League for defending the *Daily Worker* in court during the League blacklist case, was articulating a message that, if nothing else, was 'bad news' for rearmament planners - and 'bad news' for business leaders.

Of course, the League had a strategy by which to fight back. It did this in three ways. The first was to tackle opponents head on, by peppering industrial districts with leaflets warning of the 'Red Menace', giving public speeches several times a day, and generally showing the wealth created for ordinary people by the increased arms spending. One example from 1936 is typical of the way the League sought to discredit political opponents:

You all know the Reds. They come to you in the factory, the shop, the pit, and invite you to join the Communist 'cell'. They stand outside the gates and try to sell you the *Daily Worker*. If you are unemployed they try to get you to take part in demonstrations. And if you listen to them you realise they are always out for trouble, telling you to strike and demonstrate and follow the example of Russia.⁵³

The paper continued in a similarly hyperbolic vein, calling the National Unemployed Workers' Movement 'just another Red organisation, controlled by Communists'. It concluded by warning that 'these Reds that talk to you have no mind of their own. They are servants of their masters in Moscow.'⁵⁴ While not quite class warfare, the aim was nevertheless abundantly clear.

These attacks on 'the Reds' were pursued through targeted rallies in industrial districts. Regular updates, always marked 'confidential', of activities and timetables of rallies were sent to companies ahead of time through regional bodies of League, although its opponents were kept guessing as to when and where would be targeted next. The second element in the League's campaign was blacklisting. This amounted to an attempt to neutralise what it saw as the most dangerous and subversive elements in the agitation for better pay and conditions by targeting labour activists and securing their removal from employment in key industrial sectors. The League's third arm was information, compiling reports on conditions within industry more generally, used to inform employers of potential dangers facing them, and how best to take preventative action. It was this final strand that exposed one of the League's major failings.

The problem with the League's (and Baker White's) propaganda and 'research', was that it was frequently conjecture and, often, inaccurate. LRD quickly found fault in its public propaganda: it pointed out in 1937, for instance, the League's assertion that the 'average shareholding in Imperial Chemicals Industry (ICI) was £480', and thus 'controlled by a mass of small shareholders', was deliberately misleading. Instead of showing that ICI was an example of ordinary people's savings being used to control a gargantuan firm, the majority of the company was controlled by a tiny group, some with over £2.6m in holdings, or over 5,000 times the 'average' the League had given.⁵⁵ This was far from the only example, or unique to the pressurised circumstances surrounding rearmament. A decade earlier, the same group could legitimately

accuse the League of serving up 'economic facts in the most useful way to serve the[ir] interests'.⁵⁶ While the LRD was hardly a 'neutral' party in this debate, it is nevertheless telling how easily they could pick holes in its research findings.

This pattern is repeated in confidential reports. From a sample of some of the major armaments manufacturers of the time, including Vickers, Beardmore, John Brown's, Fairfield's and the interests of men like Balfour, Weir and Lithgow, it is apparent that the accuracy of the League's research was open to question, to put it mildly. Though most of the surviving collections are little more than the 'anti-Red' propaganda that the League was well known for, a small but significant portion is much more important. Moreover, the wildest – and most personal – attacks were reserved for these reports, and intended for private rather than public consumption. For example, a research paper found in the collections of Brown's and Fairfield's marked 'strictly private and highly confidential' entitled *Revolutionary Agitation in the Engineering Industry, 1916 – 1936*, outlined the League's belief that:

There is not the slightest doubt but that in the coming months the engineering industry as a whole will have to face a carefully prepared and highly organised Communist attack and will have to resist a deliberate attempt to bring about a cessation of work [and] an interruption of production throughout the whole of [the industry].⁵⁷

The paper supported its assertions by tracing the history of communist sentiments since 1916 along an upward trajectory. It thus purported to demonstrate that agitation was increasing and argued action must be taken. It claimed Moscow had instructed British factions to 'concentrate activity primarily on the industries serving mobilisation for and the conduct of war', and that the AEU had a presence at the meeting. For the evidence of where the attack was likely to come from, the paper provided a list of known agitators connected to engineering as a whole. Hugh Hinshelwood, former director of the Glasgow AEU committee,

was branded 'Leader of the Agitation' and member of the Communist Party, along with Jack Tanner from the executive board of the AEU nationally. A W. Ward, AEU chair in the district of Brown's steelworks in Sheffield, was cited for speaking at four communist demonstrations in the last three years, while the report was highly critical of the shop stewards' movement, noting its role in the 'interruption of industry during the Great War', and warning of similar things imminently in the current rearmament effort. To this end, David Kirkwood, Labour MP for Dumbarton Burghs, which constituency contained Brown's Clydebank yard, William Gallacher, Communist MP for West Fife, and John Maclean, socialist educator and activist, are each at various points since 1916 dubbed 'members of the Bolshevik Consul in Glasgow'⁵⁸. The report concluded with the League urging 'necessary steps to counter and defeat the most carefully prepared communist plot that has been hatched in British industry since the 1920s'.⁵⁹

The timing of this report is important. Circulated in autumn 1936, it immediately followed the vast increase in the naval programme, although it arrived before the first ships were due to be laid down, beginning January 1937. Brown's and Fairfield's had each secured one of the five major orders from this scheme - for the massive *King George V* class battleships, costing £7.5m each to construct. As such, two of the largest and most important orders in a generation were about to be embarked upon in these yards, making the League's message especially relevant. Secondly, recent relations between the AEU and employers' bodies had become severely strained. Sir Thomas Inskip, Minister for Co-ordination of Defence, and Lithgow had called for a measure of 'goodwill' between employers and unions, but the search for this set off vigorous reactions from the Engineering Employers' Federation as well as the AEU. By June 1936, the AEU's national committee had passed a resolution declaring that it would 'definitely oppose' any attempts to alter labour practices.⁶⁰

Against this backdrop, the League's warning must have sounded extremely frightening to employers. Given that the statement from Moscow was issued in 1929, a full seven years before the report was published, and well before there was any manifest chance of Britain mobilising for any future war, and that John Maclean had died a further six years previously in 1923, there is unsurprisingly little evidence that any of those mentioned were ever seriously organising a national 'attack' on industry, nor was there anything particularly revelatory about disclosing the fact that the AEU had members who were communist. The report, therefore, lies somewhere between conjecture and hysterical scaremongering, loosely based on fact but assembled to fit the authors' purposes. It was at best, a crude method of buttressing the blacklisting of men who Baker White and the League abhorred for challenging the authority of their employers.

Another research paper, entitled *An Analysis of the Association of Leading Members of the Labour Party with Subsidiary Organisations of the Third International*, from February 1938, continued in the same vein. It listed 'Organisations deemed to be subversive by the Labour Party Executive and declared as ineligible for Membership of the Labour Party'. These organisations include the League against Imperialism, Friends of the Soviet Union, British Anti-War Movement and LRD.⁶¹ The paper then gave names of Labour MPs and members who were, thus, supposedly breaking party rules by having an association with these so-called subversive groups. Aneurin Bevan, Clement Attlee and Sir Stafford Cripps were all named, along with prominent Clydeside labour movement figures, including James Maxton, MP for Bridgeton, and Jennie Lee, who had been MP for North Lanarkshire from 1929-31.⁶² The clear implication was that individuals on this list were dangerous and that business and politics should refrain or withdraw from dealing with them. This was, again, little more than scaremongering. The Labour Party had never declared these organisations to be subversive, nor those included on the list, and the idea that Bevan and Lee were somehow conspiring to

interrupt the rearmament effort was plainly absurd, given their well-known and public criticisms of Chamberlain and appeasement, as is the association with Kirkwood, who openly argued that capital and labour were dependent on each other.⁶³

No target was too small. The League even took aim at the Left Book Club on several separate occasions, accusing it of being Moscow's mouthpiece, and its chief editor, Victor Gollancz, appeared on the February 1938 list of Labour Party 'subversives'.⁶⁴ The attack on the Left Book Club consisted of selecting quotes from opponents of the Club, including former subscribers, union representatives (who noted how 'riddled' the Club was with subversives) and anti-Communist members of the labour movement including Maxton's Independent Labour Party (ILP) ally, John McGovern. Extremely complicated diagrams showing links between the Communist Party of Great Britain and the Club's membership were produced (where much hinged on the membership of the Club by prominent communists, Harry Pollitt and John Strachey), with the general aim appearing to be to discredit not just the Club, but anything or anyone connected with it.

Such flimsy research did not, however, mean reports like these were simply ignored, as the League had friends in the 'right' places. Sir Waldron Smithers, a Conservative MP and League Central Council member, managed to get reports into the hands of, among others, the Home Secretary, even asking questions in Parliament as to their opinions on the League's work.⁶⁵ ICI, headed by League Vice-President (Lord) Harry McGowan (called the 'highest salaried industrialist in Britain'⁶⁶), who insisted on 'autocratic central control', was an indispensable part of the rearmament effort, particularly for the manufacture of explosives. Baker White also made a name for himself and the League's research. Establishing the existence of secret German rearmament before Hitler came to power in 1932, Baker White passed on information to government departments, and although initially

not taken seriously (he was still a 'non-official' source), he did catch the eye of Churchill, who invited him to his home in Hyde Park Gate for meetings, which later became more frequent. He continued to meet Churchill, and send intelligence (now copied to the War Office) from 1935 until the outbreak of war.⁶⁷

Employers were listening too. In one example, Baker White wrote to S.W. Rawson, board member of John Brown's and noted industrialist on both Clydeside and the north east of England, eight days after the publication of *Revolutionary Agitation in the Engineering Industry*. In a series of letters, Baker White reminded Rawson of an interview his firm had given to Captain Gribble of the League, as well the confidential papers from the intelligence department that had been left with the yard directors in Glasgow. Baker White then asked the Clydebank yard of Brown's to increase its current donation, noting that Brown's steel works in Sheffield was paying £250. Baker White, in seeking this funding increase, wrote: 'I believe I am right in saying that the Allied Employers Federation regard the Economic League as the most competent body to deal with the threat of subversion and Communism in the industrial sphere',⁶⁸ before reiterating the desirability of more personal or company donations on top of the existing subscriptions. In the event, Brown's increased its Clydebank payment, but with the stipulation that 75 per cent of it would go to the West of Scotland branch of the League.⁶⁹

Any continuance - or, indeed, increase - in donations during rearmament suggests that industry (or at least Brown's) felt that both the threat of agitation was persisting or even rising, and that the League's work was valuable in fighting it. It also suggests that the conclusions of the League reports were treated as valuable. Therefore, on the face of it, the claims made about Kirkwood, Cripps, the AEU and workers' activity created additional industrial tension and destabilised the official attempts to secure more harmonious relationships between shipyard employers and the unions, which remained fractious for much of the later 1930s.⁷⁰

Moreover, the effect of millions of pamphlets warning of a revolution on the credibility of unions among workers or the general population should not be under-estimated. Thus, while the dubious content of the League's reports perhaps makes it easy to dismiss or even ridicule, evidence suggests otherwise.

At this juncture, it is important to remember that the Economic League had a public face (propaganda) and a private face (research reports and bulletins) which by no means were identical positions. The small scale and scattered nature of surviving evidence has been noted. It is, nevertheless, plausible to conclude that the League felt little need to 'educate' subscribers of the benefits of capitalism (for they were already more than converted to that cause), and instead adopted if anything a more hysterical tone with its paid-up supporters. Though hyperbole about the 'menace' of the left was a recurring feature of the League, content that warned of impending revolution or named names of 'agitators' was largely toned down or absent entirely from publications designed for general consumption. At the very least, such warnings were not presented as research-based evidence. Moreover, details about the League's activities - meetings held, pamphlets distributed, subscribers gained and so on - were exclusively reserved for members.

The reasons for this, ostensibly at least, were that the League required credibility - or at least the absence of scandal surrounding false information - in order to function effectively and retain members. Furthermore, any advantage it had in dissemination of propaganda via 'flying squads' would, potentially, have been lost if too much were known of its patterns of activity, though in fairness the League was also hardly forthcoming with details about its plans and financial accounts even to its most loyal supporters. Though it might seem surprising, the League was if anything *less* scrupulous when communicating with subscribers, sticking to less controversial statements publicly while privately disclosing controversial

'research' material, which was perhaps not unwise: influential supporters needed 'value' for their dues, after all.

Nevertheless, influence in high places and pamphlets distributed by the vanload seem to have counted for little on the ground. Within nine months of the AEU's resolution to oppose any change in labour practices, 4,000 workers struck at Beardmore's for a penny an hour rise, the first action of its kind at the yard in over 12 years, and one that held up production for ten weeks. In 1938, another 4,000 struck at the recently opened Howitzer works in Parkhead without the support or permission of the AEU, over the jobs of 15 trainees, with workers arguing the job should be undertaken by journeymen. This took four months to bring to a conclusion, during which time Lithgow commented in the company's annual report 'there is intense pressure to meet government demand at Parkhead ... in the middle of all this reorganisation, we have found ourselves embarrassed by a protracted strike of certain of our engineering employees'.⁷¹ These were followed elsewhere with two strikes within four days over tonnage bonuses being paid at the incorrect rate, affecting 1,800 workers.⁷² The next year 300 plumbers at John Brown's walked out in a dispute over demarcation.⁷³

This is just a small selection of cases; in all the number of industrial stoppages in Britain for the years between 1935 and 1939 was three times that of the 1920s. In 1937, the League launched its 'National Defence Campaign', which had the 'dual purpose of arousing industrial workers to the growing danger of and need for rearmament [and also] to counter subversion in the defence industries'.⁷⁴ One year later, it claimed that a record 693,000 days were lost in engineering and shipbuilding alone, involving some 91,400 workers in the preceding 12 months, and reiterated 'the danger of Red activity and the need for the League's defence campaign'.⁷⁵ This was disingenuous: if in the year after the launching of the campaign stoppages had hit record levels, then if anything, it appears to directly contradict the idea

that the League's work is useful in countering subversion, unless the League (or its subscribers) seriously believed it would have been much higher still without its intervention.

In sum, while it cannot be sustained that the success or failure of the League's work directly drove the frequency of industrial disputes, it does beg the question why, if the League was, indeed, so powerful – as has been argued elsewhere – it had so little effect on the labour movement in its industrial heartlands despite printing nearly 20m leaflets and hosting many hundreds of rallies during the rearmament phase. This is, undoubtedly, one of the major contradictions at the heart of the Economic League's work. The answer to this question primarily lies in the nature of the League's rhetoric. From its formation and throughout the 1920s, the League had been committed to 'combating the fallacious economic doctrines of Collectivism, Socialism and Communism' and 'uphold[ing] individual freedom, enterprise and initiative'.⁷⁶ Despite pledging to educate the working classes about the benefits of capitalism, it expended great effort in the 1930s on fighting communism exclusively, rather than anti-socialism more generally. McIvor argued that this resulted from the experience of the two weak Labour governments in the 1920s, and of the 'phobic anti-communist mentality of the Labour party and Trades Union Congress from 1932'.⁷⁷ Indeed, a great majority of surviving pamphlets from this period, not to mention the content of the confidential reports, had this as their main focus.

As rearmament wore on, the League's bulletins struggled to choose between blaming the lack of British competitiveness in merchant shipping and shipbuilding on the excesses of the unionised labourer, and demonstrating that capitalism delivered higher standards of living than communism. For instance, in 1938 one bulletin claimed it was 'well-known fact that foreign wages are lower [and] ... the standard of living is higher in Britain, [and] foreign seamen work for lower pay and under conditions that would not be tolerated here', just weeks after another said the

League existed to 'prove to the masses that under capitalism the standard of living of our people is the highest in the world'.⁷⁸ McIvor believed the League found it 'politic tacitly to support this rightwards shift of what they regarded by this time as the respectable labour movement'.⁷⁹ Yet, it could also be argued that the problem for the League was that it failed to separate 'respectable' from subversive - painting Cripps, Kirkwood and other Labour leaders as dangerous Communists, when they were, in fact, showing workers the value of organised labour operating *within* the capitalist system in a time of high bargaining power.

In short, the League was shooting itself in the foot. Even its flagship National Defence Campaign, which advocated massive rearmament and projected the interests of many of its subscribers, emphasised the need to 'counter communist efforts to impede production'.⁸⁰ Some late, weak, examples of a belated change of tack by the League can be found in 1938's 'Facts about Strikes' - part of a large series entitled *Facts about* - where the League claimed that the only person that benefitted from a strike is a communist agitator,⁸¹ or in the same year, another pamphlet which argued striking 'plays into the hands of the enemy', and that the League existed to combat unemployment.⁸² The League even tried to claim, in a very roundabout way, that it was not opposed to trade unionism,⁸³ though its considerable hysterical opposition to collective action throughout the 1930s made this appear rather insincere.⁸⁴

The League was, thus, focussing its considerable reserves of time and money on the 'wrong' target, paranoid of an extremely unlikely revolutionary overhaul of the capitalist system instead of promoting the broader points of profits for workers in a capitalist rather than communist system. As the bulletins above show, it was unable to do this without couching it in anti-communist hysteria, or without appearing to be on the side of the employers (and subscribers) in criticising high wages for workers. Ironically, it was the labour movement, the 'respectable' part, which was

better at defending workers' rights and championing improvements to pay and conditions while the League, for all its connections and financial might, stuck to obliterating the radical fringe through hyperbole or sinister blacklisting schemes that, in keeping with the theme, selected the wrong targets too often. The ultimate result of this was that their subscribers, believing the League to be fighting for them, were increasingly given poor quality or patently false research indicating the imminent threat of communism when its resources could, in all probability, have been used to foster a more efficient and co-operative rearmament drive between employer and employee and a general advancement of the 'cause for capitalism'.

Moreover, the League spent too much of the 1930s advocating a tactic that many employers and military figures balked at. The League supported confrontation, while businesses – and Weir, and others in the Committee of Imperial Defence – thought otherwise. Though Lithgow was a loud and outspoken voice in favour of dilution, piecework and elimination of demarcation, numerous subcommittees involved with defence planning (but not, it seems, the Economic League), understood that in order for 'business as usual' – a central philosophy of Neville Chamberlain's period as Chancellor and Prime Minister – to prevail for as long as possible during rearmament, the co-operation of labour was essential.⁸⁵ Fearing a further exacerbation of a skills shortage if unpopular changes were forced through, the government urged extreme caution when dealing with unions for skilled workers. The Shipbuilding Employers' Federation, which in 1935 believed a 'profound change in industrial practice' was necessary to relieve the skills shortage, noticeably toned down its message by 1939.⁸⁶ To this end, even Lithgow tempered his criticism of labour practices he believed to be hampering productivity. In short, while businesses in the armaments sector may have been 'up for a fight' with labour before 1937, once the naval (and other) programmes began in earnest, they increasingly understood that now was not the time. Of course, workers still used their renewed bargaining

power and struck – as Cripps called it, using capitalism to gain power – but the employer responses were on the whole not, and could not be, to bring in wholesale changes in production practices. In this sense, the League was increasingly out of touch with those it should have been closest to.

It is, perhaps, to be expected though that not even these failures dented the standing of League members. Once war broke out its young director, John Baker White, did use his experience and connections to find himself employment. Aptly, this was in intelligence with Section D, an organisation he had initially been recruited for in the 1920s (and the precursor to the Special Operations Executive), before moving later to the Political Warfare Executive.⁸⁷ Here, Baker White was charged with creating propaganda, not for the home front, but for the enemy. He would concoct false and misleading stories to feed to the Germans with the aim of confusing them and giving false impressions of the state of British defences. One such example included convincing them of a failed German invasion of Britain. He would later write about his experiences in a book called, perhaps fittingly, *The Big Lie*.⁸⁸

Conclusion

McIvor concluded his discussion of the League by remarking it was ‘one of the most powerful right-wing employers’ groups to emerge’ after the First World War.⁸⁹ In many ways, the new sources and interpretations introduced in this paper support this claim. Moreover, the difficulties around researching the League underscore the great service McIvor and Hughes have performed in establishing facts about its work. This said, one can suggest that the League was more than just an employers’ group, and, despite its rhetoric, was supported by both moderate and hard-line conservatives. The League was unusually well connected, not just as a corporate network of leading businessmen, but integrated with policy machinery through representatives on bodies in the Committee for Imperial Defence and steered in its early phases by

Conservative politicians with military and intelligence backgrounds.

The uniting factor was a visceral hatred of the left and of organised labour, but it did not necessarily take being a fascist to believe in those values: the League was an odd mix of respectable businessmen, politicians, and military figures. Indeed, the League should be seen in the context of a longer and larger anti-union campaign which had been running since before the First World War, and in the context of Conservative politics of the day. In many ways, the League reinforced what were larger class-driven narratives that were inherently suspicious – even outright contemptuous – of the working class. As McKibbin has argued, a central pillar of Conservative electoral strength between the wars was the party's ability to 'split' working class votes by convincing swathes of non-unionised workers that unions damaged the country, damaged the economy and (eventually) damaged British security. The claim from the right that they ought to fear organised labour, and indeed the Labour Party itself, worked remarkably well in elections before 1925. In this light, the League's 'educational' mission takes on extra meaning.⁹⁰

This partly explains the 'respectable' members the League could attract. This was undoubtedly helpful: it added legitimacy to its work, got it talked about in Parliament, and probably ensured continuing financial support for the League's work. However, despite the long reach of the Economic League's tentacles, it did not gain men like Weir or Balfour further influence *because* of League membership; it was clearly the case that they were almost always well-established figures well before the organisation was born. Moreover, though the League may have liked to have claimed success in staving off the 'revolution' that was threatening rearmament, perhaps the most striking aspect is the *absence* of success in its attempts to destroy organised labour in spite of its privileged position. This is the contradiction at the heart of the

Economic League in the 1930s, and came about in three main ways.

Firstly, it seems the League's elite members benefitted from it more than the League benefitted from them. Those already well-connected, like Balfour, did not gain respectability through senior positions in the League. Baker White, by far the most prolific author during the 1920s and 1930s and in many ways the League's public face, found only modest success in the British establishment. Indeed, despite 13 years at the helm, he never rose to the level of influence of some of the League's backers, and is barely remembered. Secondly, the research reports produced by the League were too often weak and riddled with faults, so in reality they served to do little more than promote distrust between not only employer and employee, but employers and union officials. Ironically, rather than eliminating opposition and obstructions to rearmament, all this tactic achieved was to provide employers with incentives not to negotiate, and be obstructive themselves. Such an approach would not – and did not – lead to positive results, and, if one measures the success of the League's propaganda message in the 1930s, especially after rearmament began, it unsurprisingly does not appear to have worked particularly well. Union membership steadily increased, and union-approved industrial stoppages by 1940 had trebled against the figure a decade earlier.⁹¹ Thirdly, though employers certainly continued to distrust unions, they (and particularly Chamberlain and those in the Committee of Imperial Defence after 1937) increasingly realised further antagonism ran counter to their interests. As time wore on, the League's rhetoric remained radical while employers and defence planners grew more cautious. With no communist revolution in British industry in sight, despite warnings, the League lost momentum. On the one hand, such propaganda can still be claimed a success for the League: arguably the League appealed to the pragmatism of workers who took the view that striking for better conditions within the capitalist system was better than turning to another means – communism –

altogether. On the other hand, it nevertheless appears that the fight against the rhetoric of Cripps and others failed; the League was unable to halt the resurgence of the labour movement in a time of high demand for skill. Ironically, a (temporary) case for capitalism arguably was made and accepted in the second half of the 1930s, but not by the Economic League.

When the propaganda message did not work as hoped, even after doubling the output of pamphlets, the nastier side of the League began to emerge. In this light, it appears desperate. In this sense, blacklisting was all that was left for an organisation that, in theory, possessed great influence and resources, but had come up well short against its primary targets. Of course, only the propaganda element of the League now survives in any real quantity, but the content of the sources above and, thus, the findings of this article open up the distinct possibility that a great many men and women were wrongly added to a – long since destroyed – blacklist, or mentioned in a report in a desperate attempt to further an agenda, and a large portion had their livelihoods taken away as a result.

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⁷ Though evidence survives in a range of shipbuilding and engineering firms, by far the best and most accessible collection is in the John Brown papers in Glasgow University. In almost all cases, the Brown collection has copies of what can be found elsewhere. For this reason, I have given the Glasgow University citation for the document(s) in most cases.

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- ²¹ Derived from Table 1, McIvor 'Crusade' p.637.
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- ²³ Economic League Eighteenth Annual Report, 1938, GUAS: UCS 1/9/139.
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- ⁴⁰ For example, the 1936 statistical supplement claims 2.4m leaflets distributed, over 10,000 public meetings, and a total audience at those meetings of almost 1.5m. GUAS: UCS 1/9/133.
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⁸⁰ Economic League Seventeenth Annual Report.

⁸¹ 'Facts about Strikes' GUAS: UCS 1/9/160.

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⁸³ This, however, became a more frequent tactic after WWII - by arguing Communism and collective bargaining by employees with employers were necessarily incompatible with each other. See, for example, 'Reminder' pamphlet, 1951. Trades Union Congress Archives, Warwick University, MSS.292/770.2/5.

⁸⁴ 'The Trend and Implications of Trade Unionism', 31 December 1937, GUAS: UCS 1/9/142. As the League went on to explain at great length, however, it was opposed to unauthorised strikes, to organisations that favoured 'revolutionary activities', and believed most trade unions were unrepresentative - on the basis of 60% of workers in 1936 were not members of one. It thus concluded that most employees did not support strikes, that most trade unionists were communist sympathisers, and that the whole thing was illegitimate and irresponsible.

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