

Business, Bribery and the Broadsheets: Researching Companies and Industry with *The Daily Telegraph*

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Introduction

Digitised newspapers have become vital tools for historians. The availability of searchable online journalism, stretching back centuries, greatly enhances research possibilities, offering faster and wider access to contemporary accounts or reporting of any given event. To be more confident about the modern story we weave together from historic journalistic gobbets, there is also now the chance to compare and contrast material across different newspapers. This is important, since newspapers, like any source, whether interview, diary or pamphlet, betray an authorial bias. Journalists are mocked for their laziness, swallowing material provided to them, and this is visible in vast swathes of corporate reporting over a century and half, which frequently simply reproduces material generated by the company in question. Since individuals have generally only in recent decades employed their own publicists, it used to be the case that journalists had to do more of their own legwork to uncover personal stories. Not so in the case of companies, which well back into the nineteenth century were adept in the process of pre-printing reports and speeches from their chairmen and directors, which were conveniently available to those attending annual general meetings. For that reason, a concordance of reports assembled from *The Times*, *The Financial Times* and *The Daily Telegraph* covering a shareholders' meeting of a well-known company, would probably offer columns of near identical prose.

There is a suspicion, and it can only be highly speculative, that many journalists did not stay for the duration of many of the shareholders' meetings on which they reported each day. Slipping in, securing the report and slipping out again, supplied sufficient copy. We can be surer that journalists were indeed present and taking notes on those occasions where we find detailed reporting of the questions from the floor at an annual general meeting, when these offered newsworthy material – were there large losses for example, or some other scandalous revelations, provoking shouts from the floor? Was there a ribald or rude remark, provoking the inclusion of [laughter] or [sensation] in a report? It is helpful in these cases to see the reporting across several newspapers, since each journalist might record something different – a composite picture is reasonably likely to be much better than one that relies solely on *The Times*, however much it might be regarded as the principal paper of record.

The Daily Telegraph and the company promoter

The Daily Telegraph offers important source material for understanding better the company promoter in late Victorian and Edwardian city life.¹ These individual entrepreneurs were the precursors of two modern capital markets institutions: the investment bank and the private equity fund. The promoter fulfilled a role taken today by the investment bank in equity-raising, acting as the nexus for securing the professional services of key players (accountants, lawyers, brokers, underwriters and so forth). I explored the origins of the

¹ James Nye, *The Company Promoter in London 1877–1914* (unpublished PhD thesis, King's College London, 2011).

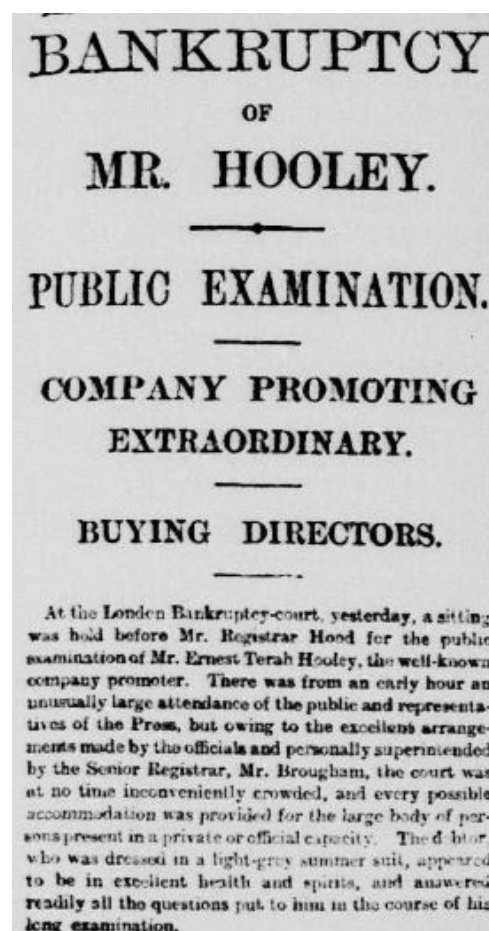
promoter against the backdrop of the development of limited liability companies, describing the standard methodology for an approach to the market, the benefits to the city and also the price paid by many individual bankrupts. In looking at the fine detail of the promotion process, the only major newspaper to offer any record of the costs involved in publicising a new capital markets issue of debt or equity was *The Daily Telegraph*, and I am indebted to its archivist for help in locating original rate cards.

Yet the company promoter has always enjoyed a remarkably poor reputation, easily explained at first glance as a result of the most famous of them nearly always ending up in jail, or certainly tainted by scandal. But was the reputation cemented by the high profile scandal makers really justified for the whole breed? The press was vitally important in the establishment of that reputation. More than that, important elements of the financial press (largely a financial gutter press) existed in an unhealthy symbiotic relationship with the promoter. As I have argued elsewhere, the boundaries we might expect to exist between city entrepreneurs, and the press reporters who covered their activities, frequently did not exist. Important city editors and their journalists became promoters, and promoters in turn established newspapers, both to enhance their own promotions and to rubbish the competition. A mutually destructive arms race of knocking copy meant the promoter/press combine rarely talked itself up – instead it talked itself down – helping to cement a negative reputation.²

Ernest Terah Hooley – an 'adventurous spirit'³

Hooley, one of the most prolific and perhaps infamous of all the great promoters was the subject of a quite marvellous and astonishingly revealing interview conducted by a *Daily Telegraph* writer. At his sensational bankruptcy hearing in 1898, Hooley caused an immense stir by revealing the details of his arrangements with his 'guinea-pigs' – the directors he had placed on the boards of companies whose flotations he arranged, and who were therefore in his pocket.

For example, he revealed that he had paid Earl de la Warr £25,000 (the equivalent of £2.3m in 2010), which caused a general scandal and acute embarrassment for the nobleman in particular. Of topical interest were the revelations about Hooley's dealings with the newspapers. A small sample from *The Daily Telegraph's* report of his examination gives a flavour:



Extract from 'Bankruptcy of Mr Hooley',
The Daily Telegraph, 28 July 1898

² James Nye, 'Boom, crisis, bust: speculators, promoters and journalists in the City 1880–1914', in Steve Schifferes and Richard Roberts (eds) *Soothsayers of Doom: the Media and Financial Crises* (London: Routledge, September 2014).

³ Hooley described the best known (and infamous) promoters as 'the more adventurous spirits' in his biography; E. T. Hooley, *Hooley's Confessions* (London: Simpkin, Marshall, Hamilton, Kent & Co., 1925), p. 238.

[*The Official Receiver*] Who is Mr Finch Hatton?

[*Hooley*] Brother of Lord Winchilsea. He was introduced to arrange with the evening papers not to pull the company to pieces. (Laughter)

[*The Official Receiver*] On the counterfoil of the cheque you have written 'For quieting papers generally on pneumatics'. (Laughter) Can you name any of the papers?

[*Hooley*] He used to bring a list with the amounts required against them. The amounts varied from £25 to £100. One of those lists will be among my papers.

[*The Official Receiver*] What was this second payment of £2,000 to T.H. Davis?

[*Hooley*] For the same purpose.

[*The Official Receiver*] On the counterfoil you have 'To square papers'. Can you name any of those papers?

[*Hooley*] *The Pall Mall* was one, *The Financial Post* another.⁴

Hooley's interrogation continued for column after column. One of the more scandalous revelations was the inclusion of Tower Hamlets MP and *Financial News* editor, Harry Marks, among the names to whom Hooley had paid substantial sums. The reason the Official Receiver was in a position to ask such unusually leading questions of Hooley is that the debtor had already effectively spilled the beans. He had decided as a public relations exercise to make a clean breast of his activities and, in an exclusive interview with *The Daily Telegraph's* special correspondent six weeks earlier, had discussed the general necessity for bribery, and in particular in relation to the press:

MR. HOOLEY'S AFFAIRS.
EXTRAORDINARY LETTERS.
FROM OUR SPECIAL CORRESPONDENT.
HUNTINGDON, Saturday.
Some curious and extraordinary results have attended Mr. Hooley's personal explanation of his application to the Bankruptcy Court, which appeared last week in *The Daily Telegraph*. I had an opportunity of hearing about them when I drove over to Papworth Hall to elucidate certain points which had been considered a little ambiguous. Mr. Hooley and his solicitor, Mr. Beyfus, were together, hard at work in sifting the detail incidental to the preparation of a full statement for the creditors. The ex-financier was, it seemed to me, in a jubilant mood. He had reason to be so. Four secretaries were engaged in dealing with a huge post-bag. Its contents were of a surprising nature, and though Mr. Hooley was of opinion that, for the time being, he had said enough about his private affairs, he yielded to the view that he owed his gratitude for the great measure of sympathy displayed by the public toward him in his reverses. The most striking feature of the correspondence he had received, however, was the evidence it contained of the state of alarm into which certain persons have been thrown by his threats to publish a list of those who he alleges have "blackmailed" him. "I have had contracts returned to me," Mr. Hooley said, "by which I had engaged to pay money to certain newspapers. I have had cheques sent back to me—postal orders even. I have received bank-notes—all from people who have blackmailed me. This morning I have had visits from the chiefs of financial papers, which I could name. Telegrams are constantly coming to hand, and I have already opened 4,000 letters of sympathy, and all the writers express the hope that I shall go on with what I may call my crusade, and expose the baser financial Press."

Extract from 'Mr. Hooley's Affairs',
The Daily Telegraph, 13 June 1898

⁴ *The Daily Telegraph* (28 July 1898), p. 5; compare *The Times* (28 July 1898), p. 14; *Financial Times*, (28 July 1898), p. 5. I am indebted to George Newkey-Burden of *The Daily Telegraph* for locating his paper's account.

[*Telegraph*] Mr Hooley, can you explain this? I have heard people say that a weak point in your explanation is that you consented at all to pay what you call blackmail.

[*Hooley*] Well, show me any company promoter who does not. There is not one in the City who does not have to submit to the system. They make you pay according to the profit you are receiving. The profit is very well known. According to his profits so the promoter has to pay the blackmailer.

[*Telegraph*] Then it is the system of sharing profits which is in vogue?

[*Hooley*] With this difference. Though the promoter may make a loss, the blackmailer gets his cash down in advance. I am referring to the gutter press.

[*Telegraph*] You did not pay blackmail that these papers should disseminate lies to mislead the public, did you?

[*Hooley*] No; that they should not tell lies about me. I venture to say most emphatically that, however genuine the company, if these men were not paid they would make an attack upon it.⁵

He was even more candid when it came to his autobiography, written a quarter of a century later, after the third of his four bankruptcies, and fresh from prison for fraud:

At the time I was promoting dozens of companies, and when everything depended upon favourable criticism by the financial writers, I spent a small fortune in paying hush-money to people who had it in their power to do me harm. There was a financial paper [...] which printed articles concerning my numerous companies. They never saw the light of day, for the simple reason that one of the people connected with the paper would come along to the Midland Grand [Hooley's HQ] and get £500 for suppressing the article.⁶

The promoters offer good evidence of the need to consult several newspapers to develop a greater degree of confidence in press reporting. Indeed, the detailed reporting of Hooley's bankruptcy hearing offers a good example. Although all of the major newspapers reported the hearing, they differed considerably; *The Times's* ran to just 2,800 words, while *The Financial Times's* coverage stretched to 11,800.⁷ *The Daily Telegraph's* account totalled 8,650 words, on the surface of it offering less information than *The Financial Times*. Not so, since a close comparison of the two offers myriad subtle differences, and any valid modern account would certainly benefit from the inclusion of *The Daily Telegraph* in its coverage, alongside material digitised earlier.

Smiths Group and its most famous son

Smiths Group is a modern engineering company, with 23,000 staff, represented round the globe, and listed among the hundred largest companies on London's Stock Exchange. In 2014 it celebrated a century on the exchange, having floated a month before the Great War broke out, as S. Smith & Son (Motor Accessories) Ltd. The anniversary was an ideal time to publish a corporate history.⁸ This tells the story of the century and a half of growth of a modern conglomerate that for much of its life enjoyed 'household name' status for clocks, watches, car instruments and many other products.

Critical to any such history are the key individuals who shape and craft the corporate story, but since even the managerial elite of a major corporation are rarely public figures in their own right (with notable modern exceptions), teasing out the story of such people can be challenging, especially if they are long dead, and there is little or no ability to interview contemporaries.

The Daily Telegraph took an interest in Sir Allan Gordon-Smith (1881–1951) over a number of years, keeping one of its 'clippings files' on him. He was easily the most significant character for more than a quarter of the company's history, effectively CEO from 1904 to 1951, and therefore the obvious target for concerted research effort. Since so much of corporate life depends on networking, it is easy to speculate that any given executive might enjoy a better relationship with one

⁵ *The Daily Telegraph* (13 June 1898), p. 9.

⁶ E. T. Hooley, *Hooley's Confessions* (London: Simpkin, Marshall, Hamilton, Kent & Co., 1925), p. 161; £500 is an enormous sum in the context.

⁷ *The Times* (28 July 1898), p. 14; *The Financial Times* (28 July 1898), p. 5.

⁸ James Nye, *A Long Time in Making: The History of Smiths* (OUP: Oxford, 2014).

newspaper, rather than another. In the case of Gordon Smith (his name until he hyphenated it on his knighthood in 1939), *The Daily Telegraph* reported on both his public and private life over several decades, and many small details gleaned from its coverage assist the creation of a rounded picture.

Gordon Smith – in the public service

Having built a motor accessories business from nothing, beginning in 1904, and diversifying post-Great War, Gordon Smith had by the 1930s achieved a long-held ambition to revive the British clock making industry, which had been allowed to die away decades earlier in the face of international competition.

The Daily Telegraph offered an outlet for Gordon Smith to press strongly a national argument for support for the new industry, in particular putting together a large supplement in 1938, allowing the showcasing of a fledgling British industry. The Astronomer Royal (well-known to Smiths and supportive) offered an article on Greenwich Mean Time, while Gordon Smith offered a thousand word article entitled 'Clocks Just as British as Greenwich'.⁹ This rehearsed the history of the loss of clock making in the UK, which, given his closeness to the authorities and his involvement in the preparation for war, Gordon Smith knew meant a lack of general light industrial capacity that could be converted to war ends (making fuses and the like). He told a stirring story of the revival underway and the steps he and his company had taken during the 1930s, and urged patriotic support for the industry – if Britain needed more industry which (as he makes clear) could be turned 'to the production of wartime supplies', then 'the remedy for this situation lies in the hands of the British purchaser'.

Shortly into the war, the newly knighted Sir Allan Gordon-Smith was seconded into the Ministry of Aircraft Production (MAP) as an assistant first to Beaverbrook, and then to Moore-Brabazon, Llewellyn and finally Stafford Cripps, with whom he struck up a close relationship. While Gordon-Smith's involvement in MAP was widely known at the time and reported on later (in general terms), it is remarkably difficult to find the finer details of his

various appointments in official documents – certainly not without weeks of trawling through material at Kew. Yet *The Daily Telegraph* kept an eye out for him. Thus it is possible to unearth his selection by Beaverbrook in May 1940 for 'an emergency committee with full authority to deal with the production of aircraft equipment'.¹⁰ Likewise, it was only *The Daily Telegraph* that noted in 1942 his appointment to a new 'Central Committee to handle administrative details and ensure close co-ordination in the Ministry of Production's scheme of regional boards'.¹¹ These may have been seemingly innocuous appointments, but Gordon-Smith was an important driver in ensuring the delivery of bombers to support the RAF campaign.

Gordon-Smith in the service of S. Smith & Son

In trying to capture the essence of this important industrialist, it is essential to go beyond the boardroom and the Ministry. Many accounts make clear Gordon-Smith was a character, a bon-viveur, larger than life. It was also clear that the *esprit de corps* of Smiths as a large managerial enterprise was largely set from the top – that the character of the CEO influenced the entire organisation. In trying to unravel what that character was, and what may have played a role in shaping it, Gordon-Smith's school record is revealing. He was a superb sportsman, and intensely competitive. Evidence for ways in which this expressed itself in later life can also be found in *The Daily Telegraph*.

Gordon-Smith was successful and rewarded himself handsomely for his efforts on Smiths' behalf. In the 1920s, he bought greyhounds and enjoyed marked success in the Waterloo Cup. In the 1930s, he elevated the stakes with racehorses – his first horse, *Fearless Fox*, was placed in the St Leger in September 1936, went on to win the Ascot Gold Vase in June 1937, and then the Goodwood Cup in July of the same year. Until just after the war he lived in Sussex, at Walhurst Manor, a remarkable Elizabethan house notable for its billiard-room covered in mounted stags' heads from the annual shoot in Scotland,

⁹ *The Daily Telegraph*, supplement (7 November 1938), p. IX.

¹⁰ *The Daily Telegraph* (28 May 1940).

¹¹ *The Daily Telegraph* (6 June 1942).

and fine stabling for the horses – among them *Navigator's Delight*. *The Daily Telegraph* was the only paper among the major broadsheets to notice this purchase, still months before the Second World War ended – Gordon-Smith paid 2,700 guineas at Newmarket.¹² Continuing to chart his progress, it was only *The Daily Telegraph* that noted Gordon-Smith's election as a Goodwood Steward in 1948, and his establishment of the Molecomb Stud on the Goodwood Estate.¹³ His continued annual campaign towards the 1950 Grand National with *Cloncarrig* was also charted in great detail in the paper.

Having burned through the 1930s and 1940s in a heady mix of racehorses, country house life, Scottish shoots, champagne, cognac and cigars, Gordon-Smith lived life to the full. He had clearly made the most of the substantial earnings he had gained from four decades at the head of Smiths Group. Following his death in early 1951, it was *The Daily Telegraph* that, typically, was responsible for looking a little deeper into his affairs. The gross value of Gordon-Smith's estate, at £60,260 (2010: 1.5m), was not particularly noteworthy in relative terms given the amounts he earned. But the net amount proved was just £464, which must have caused many eyebrows to be raised. *The Daily Telegraph* was the only paper to offer any comment, and despite its best efforts, it could only report that 'his solicitors refused yesterday to make any statement on the liabilities', before continuing to catalogue rather pointedly, and in some detail, the sort of dividends and income Gordon-Smith might have enjoyed.¹⁴ A life lived at full throttle left the tank empty at the end.

The broad picture that emerged of Allan Gordon-Smith was a composite drawn from many sources, including personal recollection, board minutes, official statements, as well as newspaper reports and comment. Without the small personal details largely found in *The Daily Telegraph*, such important clues to the man's character, an assessment of the corporate ethos he was central in forming, would have been incomplete.

¹² *The Daily Telegraph* (24 January 1945).

¹³ *The Daily Telegraph* (22 July 1948).

¹⁴ *The Daily Telegraph* (26 April 1951).

Conclusion

The limited examples I have outlined here offer strong evidence for the value of adding another major broadsheet to the armoury of digitised newspapers to which the historian has recourse. As outlined above, *The Daily Telegraph* can offer much as a corroborative source: the distinctly different treatment by newspaper editors and columnists of their friends or foes emphasises the need to look at several of the major newspapers to construct a balanced picture of a story. Yet the newspaper can also offer new and unexpected material. The ability to discover this (often exclusive) content, such as the Hooley interview, or to trace a particular personality or theme, like Allan Gordon-Smith and the revival of British clock and watchmaking, will be a significant boon to the historian. Such coverage would never have been found in any realistic attempt at a physical search of the newspaper, but can now be discovered relatively easily using thematic searches and other digital search methodologies. Scholars have long called for the addition of *The Daily Telegraph* to the digital canon, and its arrival is extraordinarily welcome.

Suggested Further Reading:

George Robb, *White-Collar Crime in Modern England: Financial Fraud and Business Morality, 1845–1929* (CUP: Cambridge, 2002).

David Kynaston, *The City of London*, vol. II, 'The Golden Years' (London: Pimlico, 1996).

James Nye, *A Long Time in Making: The History of Smiths* (OUP: Oxford, 2014).

— *The Company Promoter in London 1877–1914* (unpublished PhD thesis, King's College London, 2011).

— 'Boom, crisis, bust: speculators, promoters and journalists in the City 1880–1914', in Steve Schifferes and Richard Roberts (eds) *Soothsayers of Doom: The Media and Financial Crises* (London: Routledge, September 2014).