

Thu 19-Jul-18 11:53 AM

Dear [REDACTED]

Please find below our response to your questions regarding the investigation undertaken by Greenpeace. I have included a statement on our mission and charitable status and then responded directly to the areas you outlined.

As I have mentioned to you twice, both Mark and Shanker have been on holiday this week. Mark lands back in the UK at 2.30pm this afternoon, having been on a time zone eight hours different to GMT with barely any phone signal. It has, as I'm sure you'll appreciate, been somewhat difficult to respond to some of these allegations with Mark away and in the absence of a full transcript of conversations which you have refused to furnish us with.

Mark would, I believe, be keen to get come back to you with some more thoughts, but obviously as he's in the air he cannot do this prior to your deadline of midday.

Best wishes,

Stephanie

Tuesday, July 17, 2018 12:42 PM

Dear Stephanie and Mark,

We are considering publishing an article about the IEA's relationship with its donors and the Brexit process.

We have seen material obtained by Greenpeace as part of an investigation it undertook into the IEA. It carried out undercover filming of meetings with you at the Liberty Forum conference in Copenhagen in May and again, with Shankar Singham, at the IEA offices in London in June. They also filmed a meeting with Michael Carnuccio, the director of the E Foundation at the Copenhagen conference and recorded a phone call with him.

We are in the process of independently assessing whether to publish reports based on the material and therefore wanted to ask your response to the issues raised.

It appears to show the IEA is taking cash from US business donors to bankroll its campaign for a hard Brexit and is offering access to key ministers and civil servants in return.

From what we have seen the material raises questions about how public policy on Brexit is being influenced and potential breaches of charity law which are in the public interest to report.

We will of course carefully consider anything you have to say on these matters and look forward to receiving your responses by Thursday 19 July at noon.

RESPONSE FROM THE INSTITUTE OF ECONOMIC AFFAIRS

Free trade and the Institute's mission

The mission of the Institute of Economic Affairs is to improve understanding of the fundamental institutions of a free society by analysing and expounding the role of markets in solving economic and social problems. Free trade is a key pillar of free markets, and the IEA has vigorously promoted its importance for over sixty years.

In [2009](#), for example, the Institute published a seminal collection bringing together over twenty-five respected academics on the issue. And the issue has not gone away. We believe protectionism is firmly back on the agenda and that it is essential to educate people around the economic arguments in favour of free trade.

Presently there is a huge job of education to be done on trade policy, especially given the UK has not had its own independent one for over forty years.

The Institute has no corporate view, and the views expressed in public domain are those of the individual and not those of the Institute (which has no corporate view), its managing trustees, Academic Advisory Council or senior staff. That said, the terms 'hard' or a 'soft' Brexit are unhelpful phrases which we have criticised. We have explained countless times publicly that the departure from the EU presents the UK with an opportunity to lead the way in free trade deals.

The stakes of the Brexit process are high, in our opinion, and our work focuses around a Brexit that delivers free trade and open markets, in line with the IEA's principles and charitable objectives.

We believe this approach – which we have advocated since long before Brexit - will deliver effective long-term economic solutions far beyond the blinkered and day-to-day interests of governments or bureaucrats.

During the referendum, the IEA took no official stance on the outcome of the Brexit vote (as mentioned we take no 'corporate' view on any topic). IEA staff were [split](#) on the issue, and our spokespeople are on the record on either side of the debate. Two of our staff debated the issue [live on CNN](#). Shanker Singham, who joined the IEA in March 2018, was [pro-Remain](#).

In the light of the Referendum result, the IEA has set about making the case for as liberal a Brexit as possible – one that allows the UK to forge free trade deals and promote the [free movement](#) of people.

We are publicly on the record highlighting in our research that free trade is the best option to generate wealth - not just in the UK, but across the world.

Prior to the Brexit vote, we published major works in [2010](#), [2012](#), [2015](#) and [2016](#). One of our [primers](#) from 2013 explaining the role and value of free trade has been translated around the world, including in Farsi, Korean, Arabic and Armenian. We have reports out later this year on the negative consequences of trade sanctions, and a major new primer on trade by global expert Donald J Boudreaux.

The Institute's charitable status

The Institute's editorial and policy output is decided by its research team and [Academic Advisory Council](#). In other words, we make independent editorial decisions and then seek funding. The work we undertake is work we will do regardless of whether it raises donations.

It is surely uncontroversial that the IEA's principles coincide with the interests of our donors.

A cursory look at other think tanks would confirm this. For example, the think tank Reform have several donors in the healthcare industry and undertake significant work on [NHS reform](#). The [New Economics Foundation](#) take a significant amount of taxpayers' money from NHS England and undertake work in this area, whilst the [IPPR](#) are funded by BP and Shell and do work in the energy field.

We respect the privacy of our donors and don't place a list of them in the public domain. It is a matter for individual donors whether they wish their donation to be public or private – we leave that entirely to their discretion – and as you have identified previously many of whom do publicise this.

We are confident that the IEA is acting in accordance with Charity Commission regulations. As stated, the IEA's mission is to improve understanding of the fundamental institutions of a free society by analysing and expounding the role of markets in solving economic and social problems.

We work with groups and individuals from across the political spectrum, from all parties and none, where we think it will help improve understanding of free markets. We recently worked with a Labour MP on an Early Day Motion to promote support for liberalisation of the greenbelt, and with a Conservative MP on a paper on blockchain, both of which are in accordance with our aforementioned mission.

Recent speakers at IEA events have included Norman Lamb MP (LibDem) and Sammy Wilson (DUP). Last month, we ran an event at SNP conference.

In fact, engagement with members of political parties is a relatively small part of our work. A far larger part of our budget is spent on work with sixth-form teachers, students and undergraduates at university.

Across the course of the year we have over 100 volunteers taking part in our internship programme, sixth form courses, IEA general internships and, more recently, our [Epicenter](#) internships. Interns are involved in debates, events and seminars both in the IEA and beyond, as well as conducting their own research project with guidance from our experienced research team.

We also hold a number of different events and conferences for students. Just a few weeks ago we held our annual [THINK conference](#) which saw over 500 sixth formers and students attend The Royal Geographical Society for a day full of talks, seminars and an in-conversation session with Nobel Prize Winner Vernon Smith. The IEA has run THINK for the past 4 years, with more and more attendees every year.

Throughout the school year calendar, members of the IEA research team and spokespeople tour the country, visiting schools and hosting conferences comprised of talks on a variety of topics and areas of policy. And we have a hugely popular magazine – [EA](#) – which is distributed to schools and universities throughout the UK.

RESPONSES TO GUARDIAN ALLEGATIONS

The Institute cannot respond to specific quotations in the copy provided without having access to a transcript or audio of the 'interviews' which the undercover reporter undertook. This has been refused, so it is impossible to assert whether comments have been taken out of context.

The E-Foundation

Through the E Foundation and with its assistance, it appears the IEA is taking donations from US businesses which have vested interests in agribusiness and energy. It has provided their representatives with access to government ministers and senior civil servants in return and has promised would be donors similar access.

In May 2018 the IEA arranged access for Michael Carnuccio and Tucker Link of the Oklahoma-based E Foundation which is funded by US agribusiness and energy interests to the then Brexit minister Steve Baker, Jacob Rees-Mogg, the ERG group of MPs and Oliver Griffiths, a senior civil servant at the Department of International Trade.

According to the recordings, Mr Littlewood said the E Foundation was intending to raise money from US donors which would then be channelled through the American Friends of the IEA, a US entity. "Mike's raising the money, I'm spending it," he said. Mr Carnuccio confirmed this and said that money had already been raised when Mr Littlewood went on a tour of speaking engagements in the US and "made direct asks".

Mr Carnuccio said he was involved in raising between \$250,000 and \$400,000 from US businesses to campaign on Brexit, most of which he would "ship over to the UK".

Mr Carnuccio told the Greenpeace investigators that the E Foundation is funding the IEA because of its support for a hard Brexit which would allow free trade deals with the US to be signed. This could allow products such as GM modified beef and chlorinated chicken to be exported to the UK, which would benefit the E Foundation's supporters. The recordings show Mr Littlewood discussing his and the IEA's view that the precautionary principle which currently prohibits such imports under EU laws should be lifted and specifically his support for chlorine-washed chicken.

The IEA is also drafting a memorandum of understanding between the UK government and the state of Oklahoma - a precursor to a free trade deal - with the co-operation of the E Foundation and Griffiths.

Mr Carnuccio told the Greenpeace investigators the IEA had offered to help set up a photo opportunity in the US showing senior UK Brexiters eating chlorine-washed chicken to show it is safe.

From the above it appears the IEA is taking cash from US agribusiness to bankroll the IEA's campaign for a hard Brexit and appears happy to act in its donors vested interests including granting them access to ministers and senior civil servants.

Would you like to comment and do you think this breaches charity law which prohibits charities from pursuing political goals? How does this fit with being an educational charity?

The E-Foundation – IEA RESPONSE

We did indeed seek to collaborate with US foundations in the pursuance of our mission of promoting free trade, given the UK is leaving the European Union. We can confirm we also plan to deliver a paper and illustrative 'draft trade agreement' to show what such a deal might look like.

We believe Oklahoma is a good US state to use as a case-study, and the E-Foundation indicated that it could indeed provide help in funding this. But at no point did the E Foundation mention the names of any individuals or companies - indeed we were operating under the impression that individuals rather than companies would be the primary supporters.

We are drafting a memorandum of understanding – with the aim of furthering public understanding – on what such a trade deal might look like. We believe this can educate the public regarding concerns over free trade deals and identify where stumbling blocks might occur. It is intended to be illustrative and we believe this is an effective way to dispel many of the myths surrounding the free trade debate. This is in accordance with the IEA's mission.

We believe this is a rather tendentious account of Mark Littlewood speaking to potential donors who support free trade agreement between the UK and the US, which is not in itself a controversial proposition and is in fact government policy.

With regards to mentions of GM products and chlorinated chicken, we believe this to be in line with the goal of educating British people on the benefits of free trade and regulatory reform. It is well known that chlorine washed chicken is safe to eat. The European Commission's own scientific advisers have formally acknowledged this. We do note that Greenpeace has [actively opposed](#) the introduction of a genetically modified (GM) rice crop that could prevent the deaths of more than two million children a year.

We do not recognise the figures mentioned of \$250,000-\$400,000.

With regards to our funding, it is widely known that we respect the privacy of our donors and don't place a list of them in the public domain. It is a matter for individual donors whether they wish their donation to be public or private – we leave that entirely to their discretion.

In this instance, however, we can state that we have never received any money from the E-foundation.

The IEA decides its research and policy outputs (i.e. its editorial line) and then undertakes fundraising, as noted above. We have not accepted any cash from US business in relation to our work on trade and Brexit. The referendum outcome is being carried out by government and all parties accept the outcome of the vote to leave the EU. We are thus undertaking research and analysis, and making the case for this to be achieved in a way that delivers free trade and open markets. Part of being an educational charity includes being a forum for expert discussion. We are confident that explaining the role and value of free trade is in line with the Institute's charitable mission of providing educational output around the practicalities of free trade deals and the benefits of the principles behind free trade.

Access to ministers

In exchange for donations, the IEA appears to offer would-be donors access to government ministers. Mr Littlewood told the Greenpeace investigator who was posing as a lobbyist for US agriculture business that was considering donating to the IEA, that the IEA was able to make introductions to ministers including Michael Gove, Liam Fox and the then foreign secretary, Boris Johnson.

He said BP's lobbyists attend more than half of IEA dinners and events, using them to raise commercial issues with ministers including environmental standards, safety standards and tax. He said that donors included people concerned about government regulation of gambling machines. He said donors can "get to know cabinet ministers on first name terms".

The IEA also provided the undercover investigator with a quote for a report on farming post Brexit, titled "Agricultural Innovation" that included, for £5,000, lunch with a minister - possibly Gove, according to Mr Littlewood.

Mr Littlewood said that the IEA had made the introductions to Baker and others for E Foundation prior to receiving any of the £35,000 promised donations, because "we speculate to accumulate".

When Mr Littlewood was asked about what donors could get in return for investment, he told the Greenpeace investigators that "I have absolutely no problem with people who have business interests, us facilitating those".

Mr Littlewood said the Greenpeace investigator, who was posing as a lobbyist and strategic communications adviser for a potential donor, could come to a private party to be addressed by Dominic Raab.

Mr Singham told the undercover reporter that if their client, posing as someone seeking to lobby and campaign for US agribusiness interests became donors he could also "show them round". The inference being he could provide another donor similar access to that provided for the E Foundation.

Do you want to comment on this apparent cash for access system and offering to facilitate others' business interests and how that is compatible with charitable status? It appears the IEA offers a route for lobbying senior politicians that is not subject to the transparency requirements of formal meetings, record-keeping or political donations required of those senior politicians.

Access to Ministers - IEA RESPONSE

There is an enormous job of education to be done on trade policy, in part because the UK hasn't had one for over forty years. The IEA aims to be a resource for anyone who finds our work useful, irrespective of party, ideology, Remain or Leave, backbencher or Minister or, indeed, politician or non-politician. We provide analysis without favour so that people can be as educated as possible on these complex issues.

There is nothing untoward about think tanks having a collaborative approach with politicians. We have introduced MPs and civil servants to experts from a range of relevant areas including customs operations and trade negotiations. We do not act in donors' interests, except to the extent that they have an interest in pursuing free trade and free markets.

The stakes of the Brexit process are high. Policy makers need to be well advised, and there is nothing exclusive about the work the IEA is doing; if the Labour Party, for example, had a steering group on issues such as trade or Brexit, we would be delighted to provide assistance.

It's obviously up to others how they use our resources and we aren't proprietorial about it. They can embrace it, find bits of it useful, cut and paste some bits into their own work, and reject or discard other bits. Michael Gove quite clearly has taken a different stance to that of the IEA on agricultural policy, for example.

With regards to specifics:

- We have not had access to the transcript of the conversations the undercover 'interviewer' had with Mark and Shanker, but the information provided to us directly from Greenpeace makes clear that Mark at no point guaranteed a minister would attend but said the institute would aim to get an agriculture, trade or Brexit minister to attend an event. We would countenance that other think tanks may do the same.
- We are open about the fact we have relationships with parliamentarians, Ministers and civil servants.
- We are not controlling politicians in any way. We are not writing their parliamentary questions, or forcing words in their mouth. When they work with us they do so of their own volition. There is nothing exclusive about the relationship.
- We, like many other think tanks, often run events such as lunches with politicians, academics, and other stakeholders. Almost all of our private events are attended by journalists, which should serve as evidence that they are designed to be informative, insightful and educational.
- BP: It has been noted publicly that BP has been a regular supporter of the IEA for several decades. (every year since 1967 as it happens). This is on the public record.
- The 'private party' referenced was publicly on the record and attended by some 100+ people including scores of journalists and was addressed by Dominic Raab MP – who was invited at the time we was the then housing minister.

It is spurious to suggest that the IEA is engaging in any kind of "cash for access" system. All think tanks have relationships with government officials and politicians. The IEA's advocacy with these people extends no further than expounding the beliefs set out in our mission statement. We put people in touch when we feel there is a genuine interest on both sides – this can be any combination of academics, businesspeople, journalists, politicians, donors, potential donors, advisors, and so on where we believe there is a shared interest in free markets.

Reports

The IEA offered the Greenpeace investigator the chance to fund the “Agricultural Innovation” report. Mark Littlewood said donors can affect the “salience” of reports, and shape “substantial content”.

He said: “We would assume that donors are giving us money coz we are covering areas of their interest and we can make those undertakings and guarantees no problem at all. ...to give you an example ...we would go to alcohol companies and say we, we want to write about the cost of living being too high and actually alcohol consumption is not costing the National Health Service as much money as they often complain.”

He also appeared to suggest the outcome of the report was predetermined to fit with the donor’s interests: “there is no way this report is going to say the most important thing we need to do is keep American beef out of our market in order to prop up our beef farmers, in fact exactly the opposite.”

He indicated it would advocate abandoning the precautionary principle.

This report was originally proposed by Gove who mentioned it to Matt Ridley, who took it to the IEA to fund, according to the evidence gathered by Greenpeace.

Liam Fox also asked the IEA to produce research on how much a US UK free trade deal could add to GDP, Mr Littlewood said, and he told the trade secretary he would do that for him.

According to the Charity Commission, in 2016 the IEA assured the regulator it is “blind” to the reasons donors are giving money and that the only sponsored research it accepts is from individuals or trusts who “do not have a vested commercial interest”.

The IEA also told the commons health select committee in 2015 that “the academic work of the IEA is never compromised by financial gain, fear or favour from the government or any other body”.

How does this practice of accepting commissions from ministers for reports, funding them through corporate donors, allowing those donors to shape the content and then giving donors assurances about conclusions that fit with their interests, tally with those assurances and the IEA’s charitable status?

Reports - IEA RESPONSE

The IEA is known for the quality, accessibility and rigour of its research. We publish incisive economic analysis on a wide range of policy issues including education, the environment, welfare, trade, monetary policy and healthcare. IEA publications also deal with wider issues such as public choice economics, morality and the market, corruption and the legal foundations of the market economy. As well as focusing on policy, some of our publications are designed to make accessible the great pioneers of free-market thought, for example our acclaimed primers on masters such as [Adam Smith](#) and [Ludwig von Mises](#) and our condensed version of F.A. Hayek’s *The Road to Serfdom*.

One of the IEA's strengths is the wide network of outstanding authors and fellows connected to the organisation. This ensures the calibre of the research we publish is high, as well as being relevant to public policy debates. Our papers are read widely by academics, students, teachers, politicians, journalists and others involved in policy formation and debate. The approach of our authors is to bring economics to life in a style that does not compromise on rigour but which is comprehensible to the intelligent non-economist.

The IEA accepts no tied funding for its research and publications from corporations. The independence of the editorial process is also guaranteed by a blind peer review process. IEA books, monographs and Discussion Papers are blind peer reviewed by independent academics or other experts in the field.

The IEA is currently working on a report on agricultural innovation, which was commissioned prior to the meeting outlined. As previously mentioned, we would carry out this work regardless, but obviously do fundraise to cover the costs of our output. You omit the fact that Mark Littlewood clearly told the reporter that they would not be able to affect the report's conclusions.

The IEA has indeed long been on the record expressing concern that, as interpreted by the EU, the precautionary principle can be counterproductive and environmentally harmful. Indeed, the [Guardian](#) itself reported on an IEA paper back in 2016 that the EU precautionary principle was causing dead weight costs that were artificially inflating food prices. Matt Ridley and others have argued that it has stifled innovation that could have reduced pesticide use.

We published research around a rethink of the precautionary principle in [1997](#), [2000](#), [2005](#) and in a paper in [2016](#) which outlined how the EU's interpretation of the precautionary principle has unnecessarily widened the burden and long-term dead weight costs of regulation, arguing that abandoning it could halt potential food price rises for ordinary Britons across the country.

Matt Ridley – a well known commentator on genetics, artificial intelligence and innovation, including in agriculture - suggested writing a survey of current and future agricultural innovation in a report for us, to discuss what effect it will have on the economic competitiveness and ecological impact of farming in the UK. He is not being paid to do so. He has discussed this project informally with Michael Gove who we understand has welcomed the idea as a useful contribution to the agricultural debate, although we have not discussed this directly with him.

We have made no attempt to influence what Matt says in the report, as I'm sure he will confirm.

We add that it is also on the public record that Michael Gove quite clearly has taken a different stance to that of the IEA on agricultural policy.

On the allegation that Mark appeared to suggest the outcome of the report was predetermined to fit with the donor's interests: "there is no way this report is going to say the most important thing we need to do is keep American beef out of our market in order to prop up our beef farmers, in fact exactly the opposite." – that is not because that is what the donor will have "paid for", or because we know in advance what Matt Ridley will say, but because we think it is likely that he will follow the evidence, which in our view leads to the conclusion that freedom of choice is best for consumers.

We have absolutely not accepted a commission from any Minister to write this – or any – report. (Indeed, the IEA does not accept money from any government). Any funding received for any IEA research does not influence the conclusions of reports, and our rigorous peer-review process means we are confident that our output is independent and free from conflict of interest.

Lobbying

The IEA says it is not a lobbyist. But when Mr Littlewood described to the undercover investigator how it might help a donor tackle restrictions on US beef imports he said: “Before [Gove’s] made up his mind to ban all American beef let’s get in front of him and [make the] arguments as to why [it would be a bad idea]”.

Mr Littlewood said Mr Singham is “writing Gove and Johnson’s script” on Brexit and implicitly confirmed reports in the Mail on Sunday that he drafted a letter from them to Theresa May.

You told the Greenpeace investigator the IEA was in the "Brexit influencing game".

Would the IEA like to comment?

Lobbying - IEA RESPONSE

As an organisation we believe in the benefits of free markets and capitalism to help people. Our public policy work reflects this. We have rigorous and academic research that we wish to promote; we exist to be thought-provoking and influence the climate of opinion. We would strongly assert this is similar to think tanks across the political spectrum.

For example, a cursory glance at transparency registers reveals several Ministers have held meetings with think tanks in the past year. [Treasury officials](#) met with Policy Exchange, the [Secretary of State for Work and Pensions](#) met with the Social Market Foundation and [BEIS Ministers](#) met with the Resolution Foundation.

Think tanks aspire for their work to be taken seriously by government. As highlighted earlier in this response, we aim to influence politicians, regardless of political complexion, of the benefit of using free market ideas to better the world. There is nothing wrong with seeking to influence Brexit and trade. That is why we are producing research and analysis in order to educate the population at large and lawmakers of the benefits of free and open markets.

We cannot verify your asserted statements, having not been provided with either the video or transcript of your undercover ‘interview’, yet we would point out that Shanker Singham is quite clearly not ‘writing Gove’s script’ given the significant divergence in their opinions. At the time of writing it looks as if the UK is headed towards remaining in a customs union on goods – this is quite clearly different from the unilateral free trade policy which we believe to be optimal.

Political campaigning

Mr Littlewood told the investigator he planned to arrange for Todd Lamb, an Oklahoma politician who is linked to the E Foundation, to have meetings in London with Gove, Fox, Johnson, David Davis and Steve Baker, arrange for him to give a speech at the IEA in front of 120 Tory MPs and appear on the BBC's Daily Politics show.

How does this fit with the IEA's remit as an educational charity?

Mr Carnuccio described how the IEA could offer advice on targeting remain-supporting MPs in what he described as a "bracket and smother" strategy.

"Mark and his team will be able to tell us ... this member of Parliament, he needs work, this one's good, we'll micro-target his district...We'll pepper him ... with social media, with grassroots swell, and then ...the national publications".

It means that "when you go home and you go to like your grocery store or you go to the restaurant or anything else, all the people there have been hit, have been hit with these messages when you walk in the door and either say you're a great guy or you're an ass."

Does the IEA want to comment on this and why it offers this advice which appears to be lobbying and political campaigning?

Mark Littlewood said that he acted as a "slight shell" to help cover up Shankar Singham's meetings with Steve Baker. He said Baker logs such meetings as "I met Mark Littlewood and some of his staff for government business".

"I'm facilitating meeting", Littlewood said.

Does the IEA want to comment?

Political campaigning - IEA RESPONSE

The IEA quite simply does not undertake campaigns. We cannot speak for comments Michael Carnuccio has made which we have not been privy to, as again we have not been given full transcripts or an idea of full context.