

SECRET

MT

CABINET TWO

Confidential Filing

The alleged connection between the CIS (Czechoslovak Intelligence Service) and Mr. John Stonehouse.

SECURITY

JULY 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>2-7-80</del>							
9-7-80							
<del>12-9-80</del>							
<del>3-10-80</del>							
6-10-80							

SB  
831

PREM 19/360

SECRET

SECRET



Security

7

10 DOWNING STREET

From the Principal Private Secretary

6 October 1980

Dear John,

MR. JOHN STONEHOUSE

The Prime Minister held a meeting this morning with the Home Secretary, Attorney General and Sir Robert Armstrong to discuss the latter's minute AO2976 of 11 September 1980.

The Attorney General said that he was sure that Mr. Stonehouse had been a spy for the Czechoslovaks but he had no evidence which he could put before a jury. The new information from the defector referred to in Sir Robert Armstrong's minute was not of the kind which would secure a conviction, and in any case the defector was not prepared to come to this country to take part in a trial. As regards the suggestion that Mr. Stonehouse should be confronted with the new evidence against him, he had been interviewed twice in the late 1960s when he had vehemently denied allegations that he was a spy and had said that his meetings with representatives of the Czechoslovak Government were no more than the usual contacts which any Minister might have with an East European embassy. Since then he had served his prison sentence and had undergone open heart surgery. If he was interviewed again and confronted with further evidence, it was quite likely that he would make a public fuss and claim that he was being persecuted by the Government. The Security Service thought that they would not gain anything by interviewing Mr. Stonehouse. His conclusion was therefore that he should not be confronted with the new evidence and that matters should be left where they were now.

The Home Secretary said that he too was not in favour of confronting Mr. Stonehouse. He did not believe that it would be appropriate to ask the police to undertake this kind of task, and while it would be perfectly possible to use the Security Service, he could confirm that the Director General did not believe that anything would be gained by a further interview with Mr. Stonehouse.

Sir Robert Armstrong said that the case for confronting Mr. Stonehouse turned on the possibility of a leak from the defector who was now in the United States and of subsequent accusations against the Government that there had been another cover up to save people in high places just as there had been in the Blunt case. In such

/circumstances it would

SECRET

TGR

# SECRET

- 2 -

circumstances it would obviously be helpful to be able to say that Mr. Stonehouse had been confronted with the new information in an attempt to get him to confess. There was, however, a difference between this case and the Blunt affair in that Professor Blunt had been granted immunity from prosecution and there was no suggestion that this should be done for Mr. Stonehouse. If it was decided not to prosecute Mr. Stonehouse and the defector's story subsequently leaked, the Government's response would have to be that there was not sufficient evidence to sustain a prosecution.

The Prime Minister said that since the defector had not provided information which could be used as evidence, she agreed that Mr. Stonehouse should not be prosecuted. Moreover, the balance of argument was against interviewing him and confronting him with the new information. Matters should therefore be left as they were.

I am sending copies of this letter to George Walden (FCO), Jim Nursaw (Law Officer's Department) and David Wright (Cabinet Office).

*Yours m,*

*Alvin Whinn.*

John Halliday, Esq.,  
Home Office.

# SECRET



SECRET



10 DOWNING STREET

5.  
BF 3/10/80

*From the Principal Private Secretary*

SIR ROBERT ARMSTRONG

MR. JOHN STONEHOUSE

You sent the Prime Minister a minute on 11 September 1980 (AO2976) about the new information about Mr. John Stonehouse which had been provided by a defector from the Czechoslovak Intelligence Service.

I understand that the Attorney General has now decided not to mount a prosecution against Mr. Stonehouse on the basis of the defector's evidence. We now need to decide whether the police should interview Mr. Stonehouse and confront him with the new information, even though he is not going to be prosecuted (paragraph 4 of your minute). I think that the Prime Minister would find it helpful to discuss this with the Home Secretary and Foreign and Commonwealth Secretary as well as with the Attorney General, and we will be in touch with their offices and yours to arrange a meeting.

I am sending copies of this minute and of your minute of 11 September to John Halliday (Home Office), George Walden (FCO) and Bill Beckett (Attorney General's Office).

JAW.

1 October 1980

Arranged for Morley at  
1000 hrs.

SECRET

DBA

SECRET



4.

10 DOWNING STREET

*From the Principal Private Secretary*

SIR ROBERT ARMSTRONG

BF?

The Prime Minister has seen your minute AO2976 about Mr. John Stonehouse.

She has noted that the Attorney General will be letting her know his views on the case in due course. She will discuss with him then whether the police should be instructed to interview Mr. Stonehouse and confront him with the new evidence.

AW.

12 September 1980

Sb.

SECRET

Ref: A02976



SECRET

PRIME MINISTER

MT.

Prime Minister.

3

No need for you to do anything about X | I'll send the Attorney General reports to you.

Att.

11/9.

I sent you a minute on 7th July, reporting new information from a defector from the Czechoslovak Intelligence Service about Mr. John Stonehouse (Ref: A02538).

2. I understand that the new information has now been discussed with the Attorney General. He has said that he does not wish the Security Service to take any further action, and he will in due course be informing you of his views on the case.

3. It seems that he takes the view that the new evidence would not be sufficient to sustain a successful prosecution. He may say that it would be impossible to mount a case against Mr. Stonehouse without a full confession and it is thought unlikely that an interview with him would produce this.

X

4. It is of course for him to decide whether or not a prosecution should be mounted. If his decision is not to mount a prosecution on the basis of the evidence of the defector, I think that it will be for question whether he should none the less instruct the police to interview Mr. Stonehouse and confront him with the new evidence. It may well be that the evidence would not produce a confession, but it is still arguable that the process of interviewing Mr. Stonehouse should not be omitted, given the apparent strength of the evidence. I think that it would be important not to offer Mr. Stonehouse any immunity from prosecution, even if that meant he refused to answer questions.

RIA

(Robert Armstrong)

11 September 1980

SECRET

SECRET AND PERSONAL.



Security  
2

10 DOWNING STREET

*From the Principal Private Secretary*

SIR ROBERT ARMSTRONG

MR. JOHN STONEHOUSE

The Prime Minister has seen and noted your minute A02538 of 7 July 1980.

She would be grateful if, as you propose, you would continue to keep her informed.

I am sending copies of this minute to Mr. Halliday (Home Office) and Mr. Walden (FCO).

JW

9 July 1980

SECRET AND PERSONAL

NW





Prime Minister

Nothing to be done for the time being.

MI

PM  
Pri:

Ref. A02538

PRIME MINISTER

You will remember that in the summer of 1978 Mr. Patrick Mayhew had an interview in the United States with a Czechoslovak Intelligence Service (CIS) defector, Josef Frolik, in which Frolik reiterated his belief that John Stonehouse had been an agent of the CIS. You discussed this with Mr. Callaghan on 18th July 1980.78

2. The conclusion which Mr. Callaghan reported to you and you accepted was that, while it was impossible now to accept that Stonehouse was not a security risk, there was no evidence that could be sustained in a court of law that he had been a paid agent of the CIS.

3. New information has now become available from a new CIS defector. According to first reports, he claims to have been Mr. Stonehouse's controller from March 1968 to some time in 1969, while he was stationed at the Czech Embassy in London; he claims to have taken over as Mr. Stonehouse's controller from Robert Husak (who was named by Frolik as a member of the CIS who had been ordered to contact Mr. Stonehouse) in Czechoslovakia in March 1968; and he says that it was clear from a file which he had read that Mr. Stonehouse was a conscious paid agent from about 1962, had after taking office in 1964 provided information about Government plans and policies and about technological subjects including aircraft, and had been paid over the years about £5,000 in all (though none of it by this defector).

4. The new defector has not yet arrived in this country. When he does, he will be further questioned. He hopes in due course to move on to North America and settle there. He will no doubt be extensively interviewed by the CIA. We have to assume that any information he has will be given to them; and we cannot assume that it will remain confidential.

5. Until the defector has been further questioned, it is not possible to say what course of action should be pursued. The first question must be whether the information which he can provide is suitable for use in evidence, and whether

SECRET PERSONAL



it is possible to mount a prosecution. If he were to be charged and found guilty, a reference to the Security Commission would have to follow. If Mr. Stonehouse could not be charged on the basis of the new information alone, the Security Service would have to consider whether to ask the police to interview him, without any offer of immunity from prosecution.

6. I am sending copies of this minute to the Home Secretary and the Foreign and Commonwealth Secretary, and will keep you and them informed.

ROBERT ARMSTRONG

7th July, 1980

SECRET PERSONAL

