

MT

Confidential Filing

Commonwealth Games,
Edinburgh, July 1986

Sport

August 1985

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
8.8.85		23.10.86					
12.8.85		30.10.86					
22.8.85		10.11.86					
4/10/85		17.11.86					
11/12/85		20.11.86					
21.3.86		21.11.86					
9.7.86		19.12.86					
17.7.86							
18.7.86							
19.7.86							
29.7.86							
1.8.86							
19.8.86							
21.8.86							
12.7.86							
15.9.86							
19.9.86							
24.9.86							
26.9.86							
10.10.86							
13.10.86							
13.10.86							
16.10.86							
21.10.86							
22.10.86							
23.10.86							

PREM 19/1978



DSG

10 DOWNING STREET

THE PRIME MINISTER

19 December 1986

Dear Mr. Maxwell

Thank you for your letter of 17 December, and for passing on Mr. Sasakawa's letter to me.

I am glad to hear that you are near a final resolution of the affairs of the Games company.

With best wishes for Christmas
and the New Year.

Yours sincerely
Raymond Shatten

Robert Maxwell, Esq., M.C.

JA

Commonwealth Games (Scotland 1986) Limited Canning House, 19 Canning Street, Edinburgh EH3 8TH
Telephone 031-248 1986 Telex No. 727206 GAMES G

CJBG



IN CONFIDENCE

17 December 1986

XM/IRM/PJ/JP

The Rt Hon Mrs Margaret Thatcher MP
Prime Minister
10 Downing Street
London SW1

Dear Prime Minister

I enclose a personal letter from Mr Ryoichi Sasakawa, the contents of which are I believe self-explanatory.

To bring you quickly up-to-date on the affairs of the Games Company, there are now only two matters standing between us and the final winding down of the XIII Commonwealth Games with the dignity and decorum which you have encouraged me to achieve. There is a tedious and internecine argument between the Games Company and the Commonwealth Games Consortium, with which I shall not weary you.

The other is more serious, namely the apparent determination of the Secretary of State for Scotland that local authorities in Scotland who contribute to the deficit - a critical and integral element in our plan for settling the Company's affairs - will be surcharged or otherwise penalised for the purposes of their grant allocation from public funds. This last minute and unforeseen hitch is, as you can imagine, causing acute anguish to the local authorities; and I believe that there are even threats of legal action. Anything that you can do, in the interests of the final decorous conclusion of this saga without any government grant to the Games Company, to defuse this last minute bureaucratic bombshell will, I know, be very much appreciated.

With best personal wishes

Yours sincerely

Robert Maxwell

Chairman: Robert Maxwell Executive Deputy Chairman: Bryan Cowgill
Chief Executive: Blair Grosset
Registered in Scotland No: 81212 VAT Registration No: 380 0744 66
Headquarters accommodation by courtesy of British Telecom.
All correspondence to Chief Executive.





November 1, 1986

My dear Mrs. Prime Minister:

Thank you for your very kind letter of October 22, which has been delivered by Her Majesty's Embassy.

Since I met you in Edinburgh last August, I have quite understood that principles prevent your Government from contributing to the deficit of the Games. The contribution of 300 million yen from the Japan Shipbuilding Industry Foundation of which I am the Chairman will be sent as requested by Mr. Maxwell to help the people of Great Britain to wind up the affairs of the Commonwealth Games in good order.

Thank you very much for thinking kindly of the small support that I have been able to give for charitable purposes in the United Kingdom. Please be assured that I will make my utmost efforts to expedite all the necessary procedure, so as the contribution will actually be carried out at an earliest possible date.

Respectfully yours,

Ryoichi Sasakawa

The Right Honorable
Margaret H. Thatcher, M.P.
Prime Minister
London

B 172 447 file

cc. 50



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

21 November, 1986.

Dear Mr. Maxwell.

Thank you for your letter of 15 November about the Commonwealth Games.

It is I fear too early for congratulations yet. But, as you know, Malcolm Rifkind and I have never doubted your ability to wind-up the affairs of the Games Company in good order. We wish you well in achieving the goal which you and your fellow Directors have set yourselves.

Yours sincerely

Robert Maxwell

Robert Maxwell, Esq., M.C.

L

CCBG



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

David Norgrove Esq
Private Secretary
10 Downing Street
LONDON
SW1A 2AA

20 November 1986

Dear David

Your letter of 17 November sought advice on Robert Maxwell's letter of 15 November to the Prime Minister.

There could still be difficulties over winding-up the affairs of the Commonwealth Games Company. Because Mr Maxwell has discriminated in favour of certain creditors these difficulties could be messy and controversial. On the other hand Mr Maxwell has kept faith with the Games to a degree that we had not expected: and it seems certain that winding the Company up will cost him a good deal more than the £700,000 which he is committed to from Pergamon Press.

My Secretary of State thinks that a brief reply from the Prime Minister herself would be appropriate and might help strengthen Mr Maxwell's determination to resolve the remaining difficulties of the Company - the complexity of which could still be considerable.

I attach a draft which Mrs Thatcher may care to consider.

Yours ever
Robert Gordon

ROBERT GORDON
Private Secretary

HPR32302

~~DRAFT~~ LETTER FOR THE PRIME MINISTER TO SEND TO:

Robert Maxwell Esq MC
Mirror Group Newspapers
Holborn Circus
LONDON
EC1P 1DQ

BM2AYJ

Thank you for your letter of 15 November about the Commonwealth Games.

Dear
It is ~~obviously~~ too early for congratulations yet. But as you know Malcolm Rifkind and I have never doubted your ability to wind-up the affairs of the Games Company in good order. We wish you well in achieving the goal which you and your fellow Directors have set yourselves.

*Please type and attach
Maxwell's letter.*

HPR32302

SPORT
COMMONWEALTH
GAMES
8/85



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 November 1986

COMMONWEALTH GAMES

RF N
I enclose a copy of Robert Maxwell's letter to the Prime Minister which we discussed. I should be grateful for your advice as soon as possible.

(David Norgrove)

Robert Gordon, Esq.,
Scottish Office.

LR

Mirror Group Newspapers

Holborn Circus London EC1P 1DQ



Switchboard: 01-353 0246

Cables: Mirror London EC1
Telex: 896713
Fax: 01-353 3429

From the Publisher Robert Maxwell MC

15 November 1986

STRICTLY PRIVATE AND CONFIDENTIAL

The Rt Hon Mrs Margaret Thatcher, MP
Prime Minister
10 Downing Street
London SW1A 2AA

Dear Prime Minister

£2 million interest-free loan to pay Commonwealth Games Creditors

Though I have not yet received Mr Sasakawa's promised donation of approximately £1.3 million to the Commonwealth Games appeal, I am sure that he will send it before the end of the year following the strong and effective supportive letter which you kindly wrote to him.

The 100 small to medium creditors had been waiting for their money for a long time and were beginning to feel the pinch seriously. I have therefore decided to advance interest-free £2 million from our Scottish subsidiary, the Scottish Daily Record & Sunday Mail Ltd. This enables the Games company to settle immediately and in full all small to medium creditors. The remaining big 10 creditors, with the exception of one, have reduced their bills to reasonable levels and/or agreed to make donations to the Games. Once the tenth comes into line which I hope will be before the end of the month, the Games company will be able to pay all its remaining creditors in full as well.

I now expect to be able to wind things up properly and to complete the onerous task of cleaning up the aftermath of the loss-making Games with dignity and in good order.

As is well known, my job was made immensely more difficult by the huge losses we incurred because of the political boycott mounted by the vast majority of Commonwealth countries.

I naturally could not have achieved this alone, and I must put on record the immense debt of gratitude our country owes to Mr Sasakawa for his generosity in this matter.

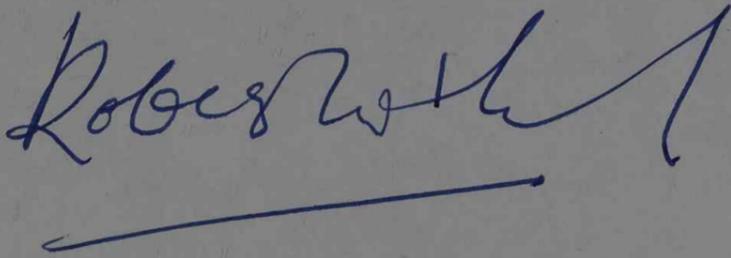
Though I did not like it at the time, I must tell you I admired the way you stuck to your guns in refusing to allow the use of Central Government funds to help with our deficit and, as everyone can see, it is now certain that we will settle our debts without being a burden on the Government.

- 2 -

I would not like to do it again! It has been very expensive, both in time and money, but I am glad that we were able to avoid the humiliation of having to cancel the Games before they had even started and of giving those Commonwealth countries who boycotted us the satisfaction of pulling us down.

Early in the New Year when these matters will have been properly resolved and our audited accounts, together with a full report of our activities, published, I would like in consultation with my colleagues to put forward for your consideration for Honours a few of the men and women who have played a vital part in organising and ensuring the success of the XIIIth Commonwealth Games and I hope that you will be agreeable to receiving such a list from me. It goes without saying that I shall not be on it!

Yours sincerely

A handwritten signature in blue ink, appearing to read "Robert White", with a long horizontal flourish underneath.

XIII Commonwealth Games Scotland 1986 Canning House, 19 Canning Street, Edinburgh EH3 8TH
Telephone 031-248 1986 Telex No. 727206 GAMES G



EMBARGOED UNTIL
00.01 HRS GMT SUNDAY 16 NOVEMBER 1986

PRESS NOTICE

14 November 1986

SDR & SUNDAY MAIL LEND £2 MILLION TO PAY GAMES CREDITORS

Mr Robert Maxwell, MC, Chairman of the Commonwealth Games company, announced today that the Scottish Daily Record and Sunday Mail company has lent £2 million free of interest to the Commonwealth Games company. As a result all the 90 remaining small-to-medium creditors of the company have been paid in full. The ten biggest business and public sector creditors will also be paid soon.

In a letter accompanying the cheques to the 90 small-to-medium creditors Mr Maxwell said:-

"As you know, we tried long and hard to get financial help from the Government to compensate the company and its creditors, like yourselves, for the grave effects on our finances of the boycott by thirty-two Commonwealth countries. In the end we failed to persuade the Prime Minister.

"Although Mr Sasakawa and I have always made it clear that we could not bear the whole burden by ourselves, we have agreed, despite the refusal of the Government to contribute, to keep open our offer to contribute £2 million, if the ten very largest business and public sector creditors will agree to donate the specific sums which I have proposed to them in writing. Negotiations with them are now well advanced; and in almost all cases we have had firm promises of the necessary contributions, although these promises still need to be formally ratified by the appropriate machinery, which these creditors are now putting into action. However, it is clear that the final haggling over detail with one or two of them could last till Christmas.

"This would be totally unfair on you, the smaller creditors who have waited patiently for three months since the Games for money which in many cases they desperately need. I know what you have been going through, what your worries have been; and I have heard your mute appeal. I am therefore now sending you a cheque for the full amount of what is due to you from the Games company."

COMMONWEALTH FUND-RAISING APPEAL REMAINS OPEN

Any money received hereafter from the continuing fund-raising appeal, which is being kept open to the end of the year, will be distributed amongst the "big ten" creditors in proportion to the payments now available to them in accordance with the offers already made to them.

NOTE TO EDITORS

1. The "big ten" are Trust House Forte, Group 4, GA Group, Clyde Canvas, GKN Kwikform, Edinburgh District Council, Lothian Regional Council, Strathclyde Regional Council, Edinburgh University and CG Consortium.
2. The loan arranged by Mr Maxwell from the SDR to the Games company is interest-free and bridges the period until the donations promised by Mr Sasakawa and Mr Maxwell's interests are received, following the necessary formalities in Japan and the fulfilment of the condition of those pledges, namely the acceptance by the "big ten" creditors of the written proposals made to them by Mr Maxwell some two weeks ago.

Enquiries:

Robert Maxwell 01-822-2000

Janet Hewlett-Davies 01-822 2223

File

CAT



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

10 November 1986

C.F.

As this is
finance for your
file?

J.D. 11/11

The enclosed papers from Councillor
Waugh are self-explanatory. I am sure they
do not require a reply: I have acknowledged
their receipt.

P. A. BEARPARK

Andy Rinning, Esq.,
Scottish Office

ls



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

10 November 1986

Thank you for your letter of 6 November to the Prime Minister enclosing copies of letters concerning the 1986 Commonwealth Games.

P. A. BEARPARK

Councillor Cornelius Waugh



CITY OF EDINBURGH DISTRICT COUNCIL

*DN.
To see if papers to just ask
remit of the exchange and copy to so.*

AC

fine

DL

6th November 1986

Rt Hon Mrs Margaret Thatcher MP
Prime Minister
10 Downing Street
London SW1

R10.

Dear Prime Minister

Enclosed are copies of letters to and from Mr Maxwell,
concerning the 1986 Commonwealth Games.

Colonel Bill Dalziel thought you may be interested
in the emotive reply I received from Mr Maxwell.

Yours sincerely

Cornelius Waugh

Councillor Cornelius Waugh

XIII Commonwealth Games Scotland 1986 Canning House, 19 Canning Street, Edinburgh EH3 8TH
Telephone 031-248 1986 Telex No. 727206 GAMES G



16 October 1986.

Robert Maxwell,
Mirror Group Newspapers,
33 Holborn,
London.

Dear Sir,

Following the announcement yesterday, by Her Majesty's Govt., that they reaffirmed their previous statements and would not make any financial contribution to the Games, I wish to place the following views on record.

I was surprised, after the Board Meeting on Monday 13 October, that you had gone direct to No.10 Downing Street with your appeal whereas you had indicated that the appropriate section would be the Scottish Office. You also stated that if any member of the board had any influence with the Secretary of State for Scotland they should try and persuade him to support the appeal for £1,000,000. Obviously by going direct to No.10 you have ruled out any possibility of positive involvement by the Scottish Office.

Also on the 13 October you stated that Mr. Sasakawa would contribute £1,300,000 and Pergamon Press £700,000 towards the Games dependant on the Government making a contribution of £1,000,000. The popular view in Edinburgh is that if this was a genuine offer then it should not be conditional on the Govt. response as you were aware of their declared position when you requested chairmanship of the Games company. If this money was to be contributed to decrease the deficit, why should a philanthropic gesture be qualified in this way? Does it not defeat the purpose of the contribution and that is to lessen the burden on the creditors?

I am aware that many statements have been made as to the financial affairs of the Commonwealth Games but many are unaware that questions were raised in this regard this period last year. Assurances at that time were given on the income to be raised by the Consortium and on that basis we continued to operate. As the period of the Games approached questions were still asked and in May at a Board Meeting I was told that 'I was paranoid about a deficit'. As you are aware at the beginning of June I stated that if the financial position was not resolved by the following week then I would resign from the Board. Two other directors would have taken a similar step. Following that meeting, unbeknown to myself, matters proceeded rapidly. You secretly expressed an interest in the Games affairs, commissioned a report by Coopers and Lybrand and that Sunday I was informed, along with other directors that an international businessman was/

XIII Commonwealth Games Scotland 1986 Canning House, 19 Canning Street, Edinburgh EH3 8TH
Telephone 031-248 1986 Telex No. 727206 GAMES G



2

businessman was interested in making a major contribution to the Games, the value of which we were informed would be not less than £2,000,000. The name of that individual was not revealed until the following Thursday. On the basis of what we were told we agreed that everything and anything must be done to secure the financial viability of the Games. Private negotiations were conducted with yourself on behalf of the Games and the District Council and that Thursday you were appointed Chairman of the Board.

The publicity arising from this decision was considerable and you assured everyone that you were 'the saviour of the Games' and was 'totally committed to their success'. As you were not, and never have been, a member of the Organising Committee the only interpretation that could be put on your statements at this stage, which are endorsed by the creditors, was that you were underwriting the Games and thus assuring financial viability. Sadly that does not appear the case to the creditors as the deficit facing us today is similar to that projected in June and no amount of creative accountancy can alter that fact. It has been stated that up to and during the period of the Games that yourself and Mirror Group Newspapers obtained many benefits from your involvement, not least in publicity. What comparable standards are there for the contribution of Guinness/DCL and the Mirror Group and advertising obtained? Should the Mirror Groups contribution not have been more? Basically the creditors feel that the benefits in kind obtained by yourself were considerable and that they continued to provide services in the belief you were 'the saviour of the Games' and that all financial commitments would be honoured by yourself.

During the period since your appointment, statements made by yourself assured our creditors of the financial viability of the Games. During the Games period you stated on television that you anticipated a possible surplus and that would be donated to New Zealand. After the Games on the Wogan Show the following week you announced that we were facing a £4,000,000 loss. How could I reconcile this with your statement on the 24 July of a projected £1,500,000. You know I have been critical of your contradictory statements and the manner in which you appeared to denigrate the efforts of all the volunteers before and during the Games. The enjoyment obtained by athletes and spectators and the efficient manner in which the Games were conducted is a lasting compliment to the voluntary effort.

If as you stated that on the rejection of your appeal for money from the Government the company would be liquidated I feel an earlier meeting should now be held and that for the benefit of our creditors you reconsider your conditional offer of contributing to the Games funds.

Yours faithfully,

C. Mawg

Chairman: Kenneth W Borthwick CBE DL OSW JP Chief Executive: Blair Grosset
Headquarters accommodation by courtesy of British Telecom

Commonwealth Games (Scotland 1986) Limited Canning House, 19 Canning Street, Edinburgh EH3 8TH
Telephone 031-248 1986 Telex No. 727206 GAMES G



XIII COMMONWEALTH GAMES
SCOTLAND 1986

Cornelius Waugh, Esq
c/o Commonwealth Games Office
cc All Directors

29 October 1986

Dear Waugh

I have received your letter of 16 October, 1986. The Board of the Company has censured your conduct unanimously at its meeting on October 27. This may not surprise or shame you, since you appear to have no shame. But you and others to whom have you so sedulously and publicly advertised your antics should know why.

Your letter is characteristic in every particular of the way in which you have conducted your relationship with the Commonwealth Games Company. Having presided, as Vice Chairman for Administration, until June, 1986, over the massive incompetence which led to the imminent collapse of the Games Company and therefore of the Games themselves in June, 1986, and having sat through half a dozen board meetings since that time without expressing one scintilla of reservation about or opposition to the Company's efforts, under my leadership, to raise the necessary funds to meet the legitimate claims of creditors, you now - fancying danger and personal responsibility in the event of a liquidation - take to the hills in the form of a published letter full of misstatements, lies, opprobrious remarks and evasions of your own responsibilities. I can only say that this is typical of the way in which you have conducted yourself from beginning to end and that my personal contempt for your behaviour is only tempered by my recognition of your insignificance, your lack of guts and your willingness to run crying to the media without any regard whatever for the principles of loyalty and collective responsibility which all other directors have accepted.

Since you have published your letter, I will publish mine. For that reason and for no other I detail below the misstatements in your self-serving and mendacious epistle. You scarcely deserve this energy and attention, when efforts are still being made by responsible officers of the company to raise the funds necessary to meet the legitimate hopes of the creditors. But since you have gone public with your lies, I shall go public with the truth.

Let us remember first the position of the Company. We have a large deficit in our finances, caused by the incompetence of the former management, of which you were a prominent part, and by the boycott, for which no one but the Commonwealth governments concerned was responsible. We asked the Government to contribute £1m., which with the £2m. conditionally offered by Mr Sasakawa and myself and with due acceptance of some sacrifice by the biggest creditors, would have allowed all the ordinary creditors to be paid in full. The Government refused, regretably but within their rights.

In response to the personal appeal of the Prime Minister and to the spontaneous offer of Edinburgh District Council to make a substantial gesture in reducing its claims, Mr Sasakawa and I have agreed to keep our offer open, despite the lack of help from the Government, which was formerly a condition of our offer, provided that the £1m. that was to have come from Government can be raised from others, principally local government in Scotland. There is nowhere else whence it can come.

Chairman: Robert Maxwell Executive Deputy Chairman: Bryan Cowgill
Chief Executive: Blair Grosset
Registered in Scotland No: 81212 VAT Registration No: 380 0744 66
Headquarters accommodation by courtesy of British Telecom.

2.

You had no reason whatever to be 'surprised' that I had written to the Prime Minister. I never, as you so infelicitously put it, 'indicated that the appropriate section would be the Scottish Office'. I certainly said that all persuasion possible should be brought to bear by members of the board on the Scottish office - which, although you seem not to be aware of it, is a part of the government of the United Kingdom - in order to give the best possible chances for our appeal to Her Majesty's Government. It was appropriate and necessary that I should write to the Prime Minister because this matter involved the responsibilities, not only of the Scottish Office, but also of the Treasury and the Foreign and Commonwealth Office and the collective responsibility of the Cabinet for the reputation of the UK. Your comment that "by going direct to No. 10 we have ruled out any possibility of positive involvement by the Scottish Office" is as asinine as, indeed, it seems. You know as little about, as you have contributed little to, the fund raising efforts of the Company in this difficult period. If you knew what you were talking about, you would know that the Scottish Office was fully aware of the appeal that we, the Commonwealth Games Company, of which you are a director, were making.

Your remark that "the popular view in Edinburgh is that if this - the offer by Mr Sasakawa and myself to contribute £2 million, if the Government will contribute £1 million - was a genuine offer then it would not be conditional on the government" was ignorant and irrelevant. Whatever may be the popular view in Edinburgh, it is not, alas, the populace of Edinburgh that is offering to contribute £2 million. If they had been - at any time in the long period leading up to the Games - there would scarcely have been a financial crisis threatening the cancellation of the Games, which was imminent and certain at the time at which the board of the Company appealed to me to become Chairman and to rescue the Games. It was perfectly reasonable that the offer by Mr Sasakawa and myself, which could not by itself cover all of the claims of the creditors, should be conditional on a smaller contribution by Her Majesty's Government which would enable the Company to pay the creditors 100p in the pound. It is equally reasonable, that condition having been relaxed, that it should now be conditional on local government doing their part.

The next passage of your letter is corrupted, apparently by the omission of one or more lines, which makes it impossible for me to comment on whatever it was you were seeking to say. Your further rhetorical questions in your third paragraph, which display an abysmal ignorance of the circumstances of the case and of the due equity of the solution involving a major contribution by Mr Sasakawa and myself and a lesser contribution by Her Majesty's Government, typically miss the basic point, namely that Mr Sasakawa and I are prepared to make this substantial gesture as part of a definitive resolution of the Games Company's financial affairs. It makes no sense to do so as part of a liquidation.

3.

Your fourth paragraph begins with a long recitation about events before I was involved. I have no comment on these. You then say that "you secretly expressed an interest in the Games affairs" and then took various steps leading to your being "informed, along with other directors, that an international businessman was interested in making a major contribution to the Games, the value of which we were informed would be not less than £2 million". This is a grotesque travesty of what happened. I volunteered no expression of interest, secret or otherwise, in the Games affairs. I needed its problems, its legacy of mismanagement and insolvency and its attendant parochial political paranoia like several holes in the head. Directors of the Company came to me. They told me that the Company would be put into liquidation within days, unless I would intervene. I checked with the Secretary of State for Scotland. He confirmed that, if that was the decision of the Board, the Government would not bail out the Games. The Games themselves would be cancelled. I commissioned, at my own expense, the distinguished firm of accountants, Messrs Coopers and Lybrand, to report on the financial situation of the Company. They did so. It was clear that the Company was in hopeless deficit as a result of its incompetent management, aggravated by parish pump politics and inert fund-raising. The national humiliation of the liquidation of the Company and the cancellation of the Games was indubitably imminent. I judged it my duty to do what I could to avert this catastrophe. If I had known that it would become my privilege to work with rats and cowards, such as yourself, I am not sure that with the benefit of hindsight I would ever have undertaken it. But I did. At no point before the Games did I undertake to commit £2 million or any other sum from my own resources or indeed anything other than my own energies as Chairman of the Company, which I was invited to become, to see that the Games went ahead, as in due course they did, and that the Company did everything possible to honour its obligations to its creditors, something which the previously responsible board of helpers, notably including yourself, had utterly failed to do.

Piling Pelion upon Ossa of misrepresentation, you then say that "the publicity arising from this decision was considerable and you assured everyone that you were 'the saviour of the Games' and was - sic - 'totally committed to their success'". It may have escaped your attention; but additional publicity is hardly a commodity of which I find myself in deficient supply. Far from assuring everyone, or indeed anyone, that I was "the saviour of the Games", this was a description conferred involuntarily upon me by the media on the morrow of the announcement of my involvement. I certainly declared my determination to rescue the Games, as indeed was the responsibility of anyone who had become chairman of the Company; and I certainly said that I was "totally committed to their success". What kind of chairman would not be?

4.

You then proceed to the extraordinarily opaque remark that "as you were not, and never has - sic - been, a member of the Organising Committee, the only interpretation that can be put on your statements at this stage, which are endorsed by the creditors, was that you were underwriting the Games and thus assuring financial viability". To the best of my knowledge the "Organising Committee" was a totally vestigial body of no competence or performance, which had devolved all practical responsibility for the management of the games upon the Games Company, of which I had been invited to become Chairman and which responsibility I had accepted. Nobody above an educational age of 5 could interpret this as "underwriting the games and thus assuring financial viability". Your statement that this infantile interpretation is "endorsed by the creditors" is contradicted by recent newspaper reports that the main body of the creditors, a body of 61 out of a total of under 100, had joined together to seek to persuade Her Majesty's Government, in support of my own initiative, that a contribution from public funds of £1 million, which would buy £3.5 million of relief for the creditors, should be made. That is hardly the action of people who regard the Chairman of the Games company as personally responsible for all of the financial obligations of the company. This is not at all surprising, since the creditors are managed by competent businessmen for whom twice two makes four and not by cowardly local politicians incapable of understanding ABC.

Your encyclopaedia of lies and evasions then proceeds to the statement that "that - my underwriting of the Games - does not appear the case to the creditors as the deficit facing us today is similar to that projected in June and no amount of creative accountancy can alter that fact". Quite apart from the puerile non-sequitur in this remark, your reference to "creative accountancy" is as false as it is actionable. As you very well know the accounts of the Games company since I took over have been kept, prepared and reported at each successive Board meeting by Coopers and Lybrand; and no objection has been raised to them by you or any other Board member. The facts, which have been reported repeatedly to board meetings throughout which you have sat without a murmur of dissent, let alone constructive contribution, are that the fund raising efforts which I put in train after 19 June were on track to close the deficit in the Games account. This is why I was justified in making confident statements at that time. The boycott by certain Commonwealth Governments cost the Games £2.7 million in lost revenue and upwards of a million pounds in extra expenditure, as Messrs Coopers and Lybrand have confirmed. As a result the deficit caused by the boycott is numerically similar to the deficit generated by the incompetence of yourself and your colleagues up to June, 1986. But its cause is completely different. Moreover, had the company gone into liquidation in June, 1986, the actual deficit would have been many millions of pounds greater than that shown by Coopers and Lybrand at the time, because it would have had to have allowed for cancellation penalties and liquidation costs, for which no provision was made in Coopers and Lybrand's report.

A further example of your cowardly attempts to evade your own responsibility was your recent well-publicised demand "to visit the Games offices in order to see the accounts", thereby seeking to imply that there was some concealed mystery which you were fearlessly going to penetrate. This feeble ploy is exposed by the fact that the accounts, kept and prepared by Coopers and Lybrand, have been reported to each Board meeting without a squeak of comment or dissent from yourself. If you were really so keen to be brought up to date, you could have learnt all you wanted to know at the Board meeting on Monday, 27 October, which unlike other more responsible directors you did not even bother to attend.

You say, with your usual evasion of responsibility, that "it has been stated that up to and during the period of the Games that (sic) yourself and Mirror Group Newspapers obtained many benefits from your involvement, not least in publicity". Readers of your letter may be interested to know whether or not you are making this statement. The facts, again, are straightforward. Mirror Group Newspapers paid in cash rather over a quarter of a million pounds for commercial opportunities whose real value was professionally assessed at about a sixth of that sum. In addition we contributed one and three quarter million pounds worth of resources, in publicity for the Games and accountancy services to rectify the abysmal financial control inherited from yourself and your colleagues. I personally need no additional publicity, least of all in association with such as yourself.

You ask "what comparable standards are there for the contribution of Guinness/DCL and the Mirror Group and advertising obtained? The answer is simple. Guinness/DCL paid for what they judged to be a reasonable commercial return. They secured the massive exposure that went with the shirt sponsorship, carried by every athlete in the Games. Moreover, they made their deal when they believed that you and your colleagues on the former Board were going to do your jobs properly and before they knew that you were going to land the Company in such financial trouble that the Games would face imminent collapse and cancellation, as threatened in June.

The Mirror Group has paid massively over the odds because of our particular involvement. You ask whether "the Mirror Groups (sic) contribution should not have been more?". On commercial grounds it should have been very much less. The Mirror waited until the last possible moment to see whether any other sponsor would take up the remaining sponsorship opportunities. None did. In thus becoming sponsor of last resort, and so underwriting the income which the Consortium had completely failed to earn earlier, the Mirror in fact saved the Games from an even greater embarrassment.

You then assert that "the creditors feel that the benefits in kind obtained by yourself were considerable and that they continued to provide services in the belief that you were the saviour of the Games and that all financial commitments would be honoured by yourself". That the creditors feel nothing of the kind is evident, as I have already pointed out, from their own behaviour. Unlike you, they have had the good commercial sense to realise that the "£1 buys £3.50" deal put to the Government was an extremely equitable, generous and attractive one and that the Government should have accepted it, as indeed you agreed at the previous Board meeting.

6.

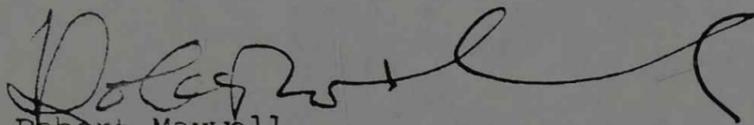
You ask "How could I reconcile this with your statement on 24 July of a projected £1.5 million (sic ? deficit)". Very easily. Allow for the costs of the boycott; and you have your answer.

Your next gross lie is that "you know I have been critical of your contradictory statements and the manner in which you appeared to denigrate the efforts of all the volunteers before and during the games". I know nothing of the kind. To the best of my knowledge you have never been critical of any of my statements. On the contrary, you have sat almost entirely silent, apart from craven murmured endorsements and supportive votes, throughout all the board meetings over which I have presided since June, which is all of them.

There have been no contradictory statements; and you cite none. Far from denigrating the efforts of all the volunteers before and during the games, I have gone out of my way repeatedly to pay tribute to them. Volunteers, the ordinary unpaid workers for the games, have done a magnificent job. If there are any volunteers who deserve criticism, it is those superannuated local politicians who took it upon themselves to organise something totally beyond their capacities, rushed to me for help when they got out of their depth and then tried to stick their puny pins in my back the moment the going got rough. I do not regard them as volunteers, but as professional bumlbers.

Finally, you say that "if as you stated that on the rejection of your appeal for money from the Government the Company would be liquidated I feel an earlier meeting should now be held and that for the benefit of our creditors you can reconsider your conditional offer of contributing to the games funds". I note that you made no such intervention at the Board meeting on October 13, at which the approach I suggested was unanimously approved by all directors, including yourself. It is typical of your total ineffectiveness that you should now call for a "meeting" when what is needed is money. When a Board meeting was held, on October 27, you did not even come. I am devoting my time and energy to raising it. I have little doubt that the creditors would appreciate it if you did the same, except that the yield of efforts from such as yourself is hardly likely to mean much to the creditors.

Yours sincerely



Robert Maxwell

C.B.G.

CONFIDENTIAL



Discussed with
Culshaw. The letter
was copied to Peter Day so

Foreign and Commonwealth Office

London SW1A 2AH

there is no possibility
of changing it.
30 October 1986
Don David
Dev 30/10

Mr Ryoichi Sasakawa at flag

As requested, we telegraphed to Tokyo the text of the Prime Minister's letter of 22 October to Mr Sasakawa, the original of which you sent direct to the Private Secretary to the Ambassador at Tokyo on 23 October.

Of course we fully understand the importance of this letter to Mr Sasakawa in the context of the Commonwealth Games. The Embassy have however confirmed our own concern about the third sentence in the third paragraph of the Prime Minister's letter (beginning "I am sure"). We and they consider that there is a serious risk of embarrassment to the Prime Minister if, as is quite possible, Mr Sasakawa were to make public the letter in its present terms, or selected parts of it. In particular, the phrase referring to matters of principle might be open to mischievous misconstruction. Despite his philanthropic and charitable activities around the world, Mr Sasakawa is perceived by many in Japan and abroad to be at best a supporter of extreme right-wing political views and at worst a major figure in the Japanese underworld. His principles are therefore a source of constant controversy in Japan.

I enclose a personality note on Mr Sasakawa outlining something of his background, also (to illustrate the sort of comments that are regularly made) an extract from the diary in "The Independent" of 29 October.

In the circumstances we recommend at least the removal of the sentence about principle before the letter is delivered in Tokyo. If you agree we will immediately instruct the Embassy to deliver a copy of the amended text without delay. A revised original signed by the Prime Minister could then follow by diplomatic bag.

Yours ever

Don (with)

(R N Culshaw)
Private Secretary

David Norgrove Esq
10 Downing Street

CONFIDENTIAL

SPORT - Commonwealth Games - 8/85

1984 Commonwealth Games
1985 Commonwealth Games



D I A R Y

Tim Brinton, a backbencher, will talk about "Conservative communications policy". Reserve your places *now*.

Keeping mum

WHILE foreign ministers give their views on the quarrel between Britain and Syria, one interested party has been strangely silent. What does Abu Nidal have to say for himself? A phone call to one of his offices in Damascus yesterday elicited the reply that "we are not issuing a statement yet". Nidal's other office was even more bashful: the person answering the phone announced "We're a commercial company" — only to spoil it all by bursting into a fit of giggles.

Remain nameless

HERE is a public service announcement: William Waldegrave would like it to be known that his surname is pronounced Wal-grave, with the "de" silent. Probably.

"It's his own fault, really," says an ungracious person from the BBC's pronunciation unit. "When he was elected to Parliament in 1979 we wrote to ask how we should pronounce the name. His secretary replied that it was Wal-de-grave, with every syllable sounded. So we've called him that — until now."

What prompted the change was a complaint from one of Waldegrave's constituents. The BBC wrote to Waldegrave again, and this time his secretary recommended the version without the "de".

A press officer at the Department of the Environment, where Waldegrave is a minister, gave me the official version: "I know he pronounces it Wal-grave but we call him Wal-de-grave, because we're used to it." Another Whitehall compromise.

Eastern promise

WHO is this Ryoichi Sasakawa, the 87-year-old Japanese "philanthropist" who is putting

up £1.3 m to help cover the loss made by Robert Maxwell's Commonwealth Games?

Well, he is the begetter of the Great Britain Sasakawa Foundation, a charity founded last year to promote social, cultural and economic contacts between Britain and Japan. (Chairman: Robert Maxwell.) But he also has quite a political record. In 1931 he founded Kokusai Taishuto, a Japanese fascist party which supported Mussolini. After the war he was jailed for three years.

Not a very savoury bedfellow for Maxwell, surely? "People don't seem to realise that he may have changed in his politics," Maxwell's spokesman, Paul Quade, says wearily, "as most of us do as the years go by."

Of course: but any change in Sasakawa's politics over the years has been pretty slight. He has funded all sorts of far-right causes in Japan since the war; he has been an enthusiastic promoter of the Moonies; and he has helped to finance the World Anti-Communist League. Oh, and in 1974 he set up the World Karate Federation. "Basically," says one expert on these matters, "he's into martial arts and extremely right-wing nationalism." And, apparently, Commonwealth Games.

Francis Wheen

CONFIDENTIAL

SAKAWA, RYOICHI

Right wing businessman.

Born 1899 in Osaka. Left money as a young man, he early became a millionaire. Formed and led the extreme right wing Kokusai Taishuto (National Essence Party), 1931. Involved in the pre-war defence industry in 1932 he established the "National Volunteer Flying Corps" a private airforce dedicated to preserving the person of the Emperor. In 1939 he is reputed to have made a secret visit to Italy, to negotiate Axis agreements with Mussolini. Elected to the Diet 1942. A leader of the anti-surrender groups, he was arrested and imprisoned (though never convicted) as a suspected Class A war criminal. He shared a cell with Nobusuke Kishi, later to become Prime Minister, and Yoshio Kodama, "doyen" of the post-war ultra-rightists, and developed close friendships with both. After his release from prison, he established his motor boat racing industry, whose gambling profits have earned him a huge fortune, allowed him to diversify his business interests, and further his right wing political views.

Sasakawa remains a shadowy figure. He has used his money to buy respectability and political influence. A percentage of his income goes to the "non profit" Japan Shipbuilding Industries Promotion Association, which in turn allocates funds to a host of legitimate, but rightist-inclined organisations such as martial arts associations, disabled veterans groups, the Firemen's Association and bodies for the "moral education" of children. As a result of these activities, he has links with the Police, Armed Forces and even the Imperial Family (he has received the Emperor at disabled veterans functions).

He has had some success in building a reputation for philanthropy. He claims to have given some 12 billion dollars to charitable causes, and has earned himself a WHO commendation, the UN Peace Prize and a Directorship of the UN Peace University in Costa Rica. On overseas travels he has been received by European royalty and by ex-President Carter. He has been presented to The Queen twice. In 1984 he set up the Great Britain Sasakawa Foundation, with an endowment of some £10 million), to foster cultural and educational links between Britain and Japan.

He is a small, apparently robust man, who claims still to run four kilometres every morning. He speaks a little English. He has an impish sense of humour, and an enormous ego. His wife runs a major school of Japanese traditional poetry and dance.

CONFIDENTIAL

CONFIDENTIAL

SAKATA, MICHITA

Speaker of the House of Representatives since January 1985.

Born 1916.

Graduated from Tokyo University with a degree in German Literature and was elected to the House of Representatives from Kumamoto prefecture in 1946, a seat which he has retained since then. He has served in various Cabinet posts, the most notable of which was his term as Director-General of the Defence Agency from 1974-76, during which time he was responsible for the setting of the 1% of GNP limit on defence expenditure.

He paid an official visit to the UK in 1970 at the invitation of Mrs Thatcher and helped to entertain Mrs Thatcher during her visit to Tokyo as leader of the Opposition.

He is married with 4 children. He understands some English and speaks a little. His hobbies are painting and music.

SAKURAUCHI, YOSHIO

Chairman of the Japan-British Parliamentarians League (since June 1984).

Born 1912. Graduated in Economics from Keio University and joined the Takanokura Mining Company of which he rose to become a Director before entering politics. Started his political career with his life long friend and colleague, Nakasone, as a member of the Progressive Party. He was first elected to the House of Representatives in 1947 from Tokyo. He has been elected to the Lower House 14 times. Minister of International Trade and Industry 1964-65. Chairman of the LDP Policy Board 1972, and 1974-76. Minister of Agriculture and Forestry, 1972-73. Minister of Construction, 1977-78. LDP Secretary-General, 1979-81. Minister for Foreign Affairs, 1981-82.

Although his influence is beginning to wane, he is still a leading member of the Nakasone faction, representing Nakasone at factional events if Nakasone cannot attend. Since leaving the post of Foreign Minister he has been used by Nakasone to travel abroad on special missions, eg to China and the Sub-Continent. He chairs several Parliamentarians Leagues, including those with the Soviet Union and Libya.

He is cultured and urbane, with the air of an old-style gentleman but often rather remote and uninspiring. He takes a keen interest in the Scouting Movement and is a fan of the Takarazuka all-girls revue theatre, which he regularly visits. He visited Britain as Foreign Minister in September 1982.

Married, with two daughters. He understands a little English, but does not speak any.



CONFIDENTIAL

PRIME MINISTER.

From N.Wicks.

Duby. Clerk

27.10.86.

NI3318 5 HHH 212

MAXWELL OFFERS HOPE TO GAMES CREDITORS
(CORRECTED REPETITION)

NEWSPAPER PUBLISHER ROBERT MAXWELL TODAY OFFERED NEW HOPE TO THE CREDITORS OF THE DEBT-RIDDEN EDINBURGH COMMONWEALTH GAMES.

HE SAID IT WAS NOW EXPECTED THAT ALL LIABILITIES WOULD BE MET IN FULL, DESPITE THE GOVERNMENT'S REFUSAL TO INJECT ANY RESCUE MONEY.

BUT MR MAXWELL SAID FULL PAYMENT TO THE CREDITORS - WHO ARE OWED SOME £3.5 MILLION, WAS SUBJECT TO THE FULFILMENT OF PROMISED DONATIONS AND THE OWNERS OF THE GAMES' FUND-RAISING CONSORTIUM WAIVING A £300,000 DEBT.

HOWEVER, THE APPEAL TO THE FUND-RAISING CONSORTIUM PROMPTED A REQUEST TO MR MAXWELL FOR PRECISE FIGURES ON THE COSTS AND DEFICIT OF THE GAMES.

MR MAURICE GRIFFITHS, A DIRECTOR OF THE CONSORTIUM, WHOSE PARTNERS ARE ADVERTISING AGENTS SAATCHI AND SAATCHI AND CHARTERED ACCOUNTANTS ARTHUR YOUNG, SAID: "THE CONSORTIUM HAS ALREADY MADE A MASSIVE CONTRIBUTION TO THE SUCCESS OF THE GAMES.

"IN DECIDING WHETHER OR NOT WE CONTRIBUTE ANYTHING MORE, WE WOULD LIKE TO LOOK AT THE FIGURES ON HOW THE COSTS OF THE GAMES WERE ARRIVED AT, WHO THE CREDITORS ARE, AND HOW MUCH THEY ARE BEING ASKED FOR."

MR GRIFFITHS SAID THE CONSORTIUM HAD ITS OWN CREDITORS TO PAY AND SO IT WOULD NOT BE EASY TO WAIVE THE FEES.

272118 OCT 86

Commonwealth Games (Scotland 1986) Limited Canning House, 19 Canning Street, Edinburgh EH3 8TH
Telephone 031-248 1986 Telex No. 727206 GAMES G



XM/IRM/PJ/JP

23 October 1986

The Rt Hon Mrs Margaret Thatcher M P
Prime Minister
10 Downing Street
London SW1A 2AA

Dear Prime Minister

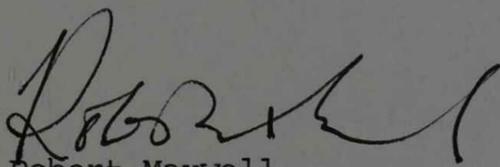
2
DM 24/10.

I cannot let yesterday pass without dropping you a brief line to say a simple, but sincere, thank you for your graciousness in seeing me about the Commonwealth Games, despite your having already given a decision and despite the unique pressure on your timetable. While of course I am sorry that I did not persuade you to see things our way, I completely accept your decision. Subject to the Edinburgh District Council, Edinburgh University and Lothian Regional Council being willing to come to sensible arrangements, I shall do my best to resolve the problems of the Games Company.

It was good of you to let me see a draft of your letter to Mr Sasakawa. As we have already told David Norgrove, I am content with the way you have put it.

With best wishes

Yours sincerely


Robert Maxwell



Chairman: Robert Maxwell Executive Deputy Chairman: Bryan Cowgill
Chief Executive: Blair Grosset
Registered in Scotland No: 81212 VAT Registration No: 380 0744 66
Headquarters accommodation by courtesy of British Telecom.
All correspondence to Chief Executive.





10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

23 October 1986

Dear Private Secretary,

I enclose a letter from the Prime Minister to Mr. Ryoichi Sasakawa which needs to be delivered as quickly as possible.

I would be most grateful if you could arrange for it to be delivered by hand (rather than by local post).

Yours sincerely,
David Norgrove.

David Norgrove

The Private Secretary
Office of the Ambassador,
British Embassy,
TOKYO.



FCO
 cc: SO
 Prof. Griffiths.
 Mr. Peter Jay

089

10 DOWNING STREET
 LONDON SW1A 2AA

THE PRIME MINISTER

22 October 1986

Dear Mr. Sasakawa,

Robert Maxwell came to see me yesterday about the position of the Commonwealth Games Company of which he is Chairman.

He told me about your most generous offer to contribute 300 million Yen to the deficit still faced by the Company, and I should like to record now how much I admire what you are doing to support this great international sporting event. I still recall with enormous pleasure our meeting in Edinburgh while the Games were being held - and the wonderful spirit of international friendship in Meadowbank Stadium that day. Your very generous support for charitable purposes in the United Kingdom is deeply appreciated.

Robert Maxwell urged me to authorise a Government contribution to the Games. I listened very sympathetically to all he had to say, but I had to tell him that I could not do so. I am sure no-one could understand better than you yourself the need to stand firm on matters of principle. The Government of course receives many requests for financial assistance. In the case of the Commonwealth Games we said from the very outset that the event must be run without Government contributions or guarantees. If we were to relax this condition which has been stated so clearly and publicly, and repeated on many occasions, our credibility and authority would be greatly undermined. Robert Maxwell himself fully understands and respects this.

089

-2-

I understand from him that your contribution to the Games Company is conditional upon Mr. Maxwell raising the balance from his own and other resources, including Her Majesty's Government. I do hope you will understand why the Government will not be able to contribute, and that you will not see this as an obstacle to making your own most generous contribution. I know it would greatly help Robert Maxwell in his untiring efforts to wind up the affairs of the Commonwealth Games in good order if you felt able to lift any condition relating to your contribution. And of course it would please me very greatly.

But whatever your decision on that, I do want to thank you most warmly for all you do to help here in the United Kingdom.

Yours sincerely
Margaret Thatcher

Mr. Ryoichi Sasakawa

Address

Japan Shipbuilding Foundation
Senpaku Shinko Building
1-15-16 Toranomon,
Minato-Ku,
Tokyo 105, Japan

CONFIDENTIAL

10 DOWNING STREET
LONDON SW1A 2AA

file DCA

cc Prof Griffiths

22 October 1986

From the Private Secretary

Dear Robert,

COMMONWEALTH GAMES

I wrote to you earlier today recording the Prime Minister's meeting with Mr. Maxwell. I should perhaps also record the points which Mr. Peter Jay put to me separately before the meeting. The origin of this separate discussion was that Mr. Maxwell claimed last week to have points to put to the Prime Minister which he felt unable to write down. My conversation with Mr. Jay showed nothing of that kind, though he was able to report one or two things which Mr. Maxwell may not have known about last week.

Peter Jay explained that Robert Maxwell and he had in the last few days seen President Moi in Kenya. Mr. Maxwell and President Moi had signed a memorandum of intent to set up a new company which would be jointly owned by Kenyan interests and by Mirror Group Newspapers. The company would help to publish a newspaper, print textbooks and start up a television channel. (Jay gave me a long description of this, though I cannot see its relevance to the Commonwealth Games.)

President Moi had said that he understood that the boycott was not the fault of the Commonwealth Games organisers. He had implied that he would provide money to meet part of the deficit if the UK Government were also prepared to do so, and that he would try to persuade other Commonwealth countries to follow suit. He would be unwilling to provide finance on his own because that would look too much like an admission of guilt.

Peter Jay said that on this basis one option would be for Commonwealth governments and the UK Government to split between them the remaining deficit of £1 million. He said that Mr. Maxwell would be prepared personally to guarantee that the money would be forthcoming from the Commonwealth governments. Jay was not authorised to say what proportion of the £1 million could be expected to be forthcoming from the Commonwealth.

Jay,

David

(DAVID NORGROVE)

Robert Gordon, Esq.,
Scottish Office.**CONFIDENTIAL**

AB

FILE

DA
CBGSUBJECT
COMASTER

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

22 October 1986

Dear Robert,

COMMONWEALTH GAMES

The Prime Minister this morning met Mr. Robert Maxwell to discuss the Commonwealth Games. Your Secretary of State and Mr. David Campbell (Scottish Office) were also present.

Mr. Maxwell said he had taken on the Commonwealth Games rather foolishly. He had set no conditions, and had not tried to negotiate at that stage with the Government. The deficit was enormous. Mr. Sasakawa and he would meet any "real" deficit. But they would not fund the effects of the boycott, which the auditors put at more than £2 million. Mr. Maxwell had a message, confirmed by President Moi, that Commonwealth governments would provide finance if the UK Government would also. If the Prime Minister were to decide that it was not in the public interest to provide Government money, then so be it. But then no money would come from the Commonwealth.

The Prime Minister said that it was not on to make a Government contribution and she doubted that Commonwealth countries would in practice be willing to contribute. For the Government now to make a contribution would put at risk its credibility on other things. She was grateful for the efforts which Mr. Maxwell had made. Had Mr. Sasakawa set conditions for his contribution?

Mr. Maxwell said Mr. Sasakawa's contribution was conditional on his own contribution. If HMG refused to contribute no money would be forthcoming. This would not be understood.

The Prime Minister protested that this was not a fair position. The Government's conditions had been made quite clear from the start. Its credibility was at stake. Mr. Maxwell asked whether the boycott made any difference. Was this not a new factor? The Prime Minister replied that this had been a decision of the countries concerned, not the Government. The Government required the same firmness which Mr. Maxwell displayed in running his own businesses. She repeated that she was grateful for his efforts and said she would write to Mr. Sasakawa if Mr. Maxwell wished asking him not to make his own offer conditional.

dg

Mr. Maxwell said he admired the Prime Minister's firmness, but suggested that the boycott was a new factor which could enable the Government to change its position. The Prime Minister said the boycott had been on the cards right from the beginning and it had even been recognised very early on that there were reasons which might cause the Games to be cancelled. Some industrialists had been told this when they had spoken to the Prime Minister in the context of a reception she had held for the Commonwealth Games. There was nothing new.

At this point there was a brief discussion of the letter which the Prime Minister would send to Mr. Sasakawa. This would need to be most courteous, saying he would understand that the Government could not go back on its word, Mr. Sasakawa's offer was very generous, that the Prime Minister had heard that there might be conditions but that she urged him not to set such conditions.

In answer to a question from your Secretary of State, Mr. Maxwell said Mr. Sasakawa's contribution was conditional on all parties making a contribution, not just Mr. Sasakawa and himself alone.

Mr. Maxwell thanked the Prime Minister for her kindness and generosity in allowing him this opportunity to put his case. The Prime Minister said she needed to make it absolutely clear that this was a matter of principle and word. Mr. Maxwell interpreted this as, in the simplest words, a matter of a decision which had been given by the Government right at the beginning. The Prime Minister said that if the Government were to go back now they would never be believed on other matters. Mr Maxwell said it looked then as though the Commonwealth Games would be completed without Government assistance. He could not say that he was not disappointed, but he respected the decision.

I should be grateful for a draft of the letter for the Prime Minister to send to Mr. Sasakawa, as soon as possible.

John
David

(DAVID NORGROVE)

Robert Gordon, Esq.,
Scottish Office.

PRIVATE AND CONFIDENTIAL



cc. Prof. Griffiths

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

22 October 1986

Dear Peter,

The Prime Minister agreed with Mr. Maxwell today that she would show him the letter she proposed to send to Mr. Sasakawa asking him to lift the conditions relating to his contribution to meet the deficit of the Commonwealth Games. I now enclose the draft and would be grateful if you could telephone me with any comments.

Yours sincerely,

David Norgrove

David Norgrove

Peter Jay, Esq.

CONFIDENTIAL



cc: Prof. Griffiths

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

22 October 1986

Dear Robert,

COMMONWEALTH GAMES

I enclose the proposed draft of the Prime Minister's letter to Mr. Sasakawa, which has been slightly revised. I have now sent it to Mr. Maxwell for his comments, as agreed at the meeting this morning.

Yours,

David,

David Norgrove

Robert Gordon, Esq.,
Scottish Office.

CONFIDENTIAL



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

David Norgrove Esq
Private Secretary
10 Downing Street
LONDON

22 October 1986

Dear David

**COMMONWEALTH GAMES: PRIME MINISTER'S
MEETING WITH MR MAXWELL**

I understand that at this morning meeting the Prime Minister offered to write to Mr Sasakwa and enclose a draft for your consideration.

Yours
Andy

ANDY RINNING
Private Secretary

HMP29510

bc: Prof. Griffiths.

289

DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO MR. SASAKAWA

Robert Maxwell came to see me on Wednesday about the position of the Commonwealth Games Company of which he is Chairman, and he told me about your most generous offer to contribute 300 million yen to the deficit still faced by the Company.

I should like to record now how much I admire what you are doing to support this great international sporting event. I still recall with enormous pleasure our meeting in Edinburgh while the Games were being held - and the wonderful spirit of international friendship in Meadowbank Stadium that day. Your very generous support for charitable purposes in the United Kingdom is deeply appreciated.

Robert Maxwell urged me to authorise a Government contribution to the Games. I listened most sympathetically to all he had to say but had to tell him that I could not do so. I am sure no-one could understand better than you yourself the need to stand firm on matters of principle. The Government of course receives innumerable requests for financial assistance. In the case of the Commonwealth Games we said from the very outset that the event must be run without Government contributions or guarantees. If we were to relax the stipulation which has been made so clearly and publicly, and which has been repeated on numerous occasions, our authority in the many other cases we receive would be undermined. Robert Maxwell himself fully understands and respects this.

I understand from him that your contribution to the Games Company is conditional upon Mr. Maxwell raising the balance from his own and other resources, including Her Majesty's Government. I do hope you will understand why the Government will not be able to contribute and that you will not see this as an obstacle to making your own most generous contribution. I know it would greatly help Robert Maxwell in his untiring efforts to wind up the affairs of the Commonwealth Games in

-2-

good order if you felt able to lift any condition relating to your contribution. And of course it would please me very greatly.

But whatever your decision on that, I do want to thank you most warmly for all you do to help here in the United Kingdom.

DG2BLD

CONFIDENTIAL

PRIME MINISTER

COMMONWEALTH GAMES

I am seeing Peter Jay at 0845 tomorrow to find out the points which Mr. Maxwell did not feel able to write down.

You have a briefing meeting at 0945 with Mr. Rifkind and Mr. Campbell of the Scottish Office. Mr. Campbell is the "Assessor" who represented the Scottish Office on the Board of the Commonwealth Games Company.

Mr. Maxwell arrives at 1000 and I suggest you keep the meeting strictly to half an hour at most. (Mr. Rifkind has a meeting with Trafalgar House at 1030.)

The papers below repay careful study. The substance seems to me to fall into two parts: first, what the Commonwealth Games organisers were led to expect from the Government and, secondly, what Mr. Maxwell could legitimately have expected when he intervened, as he sees it, to save the Games.

If these papers are complete, there is some doubt, though very little, about the first of these points. The record of a meeting held in 1979 (flag A) shows that the Scottish Office told the organisers that the Government would not provide grants for facilities for the Games and that the Government could not at this stage give any commitment on guarantee (sic). An internal letter written three weeks later (flag B) said it had been made clear by the Scottish Office that "there could be no question of Government grants or guarantee, or of extra resources being made available for the staging of the Games". This of course goes further than the meeting, though the papers do not show whether there had been other meetings or correspondence in the meanwhile. The next letter to the Commonwealth Games organisers, in 1983 (flag C) said that: "the Government gave its backing to Edinburgh making a bid to host the 1986 Games on the understanding that no financial assistance from the Government would be required".

CONFIDENTIAL

CONFIDENTIAL

2

Later letters in 1984 and 1985 imply that at that stage no-one was thinking seriously about the position if the Games were to make a loss. Nevertheless, the letter at flag C is unequivocal.

The letter from the Scottish Office at flag D implies that the Government might be prepared to act as "residual guarantor" if there were a real prospect otherwise of cancellation of the Games. But no assurances were given. Mr. Rifkind's first letter, on 30 May 1986, is again specific in saying that the Government's support for the bid had been given on the understanding that there could be no grants from the Government for facilities and that the Government could not give any commitment on a guarantee.

Mr. Maxwell then comes on the scene, in June. Mr. Rifkind made a very clear statement in the House on 15 July (flag E) and from then on all the Government correspondence is quite clear that the Government had all along said that there would be no contributions from Government funds and no guarantees.

Mr. Maxwell appears to acknowledge the Government's public position. But he has made two points about the Government's private position on which I suggest you should concentrate at your pre-meeting with Mr. Rifkind and Mr. Campbell.

They are:

- (i) he claims (flag F) that Mr. Campbell discouraged some of the Directors from resigning from the Board in June 1986, and that the Directors interpreted this as tacit Government support for their continued efforts;
- (ii) he also argues (flag G) that he received from Mr. Rifkind an assurance that "whilst the Government's policy of no assistance to the Games from public funds remained, if at the end of the day

CONFIDENTIAL

CONFIDENTIAL

3

there is a shortfall in the company's finances, he will try to persuade his colleagues that the Government should then do what it can".

The first of these points is neither here nor there. The Directors should have come to no such assumption and given the importance of the issue, if they felt that this was the signal the Government was seeking to give, they should have asked the question outright. Mr. Rifkind and his Private Secretary deny the second point. But even if they did not, Mr. Rifkind only undertook to try to persuade his colleagues: he did not commit the Government.

Overall, I conclude that you can be robust in your defence of the Government's position.

The briefing from the Scottish Office is itself robust.

You have begun to receive letters from creditors. The three enclosed were written within three days and it would be surprising indeed if a campaign were not now getting underway.

The essential points are:

- (i) the organisers and Mr. Maxwell knew that the Government would provide no money;
- (ii) that remains the position;
- (iii) the organisers also knew that there must be a high risk of political boycotts, if not relating to South Africa, then for some other reason;
- (iv) the boycott which took place was none of the Government's making;
- (v) you recognise that this will be disappointing to the creditors and others, but Mr. Maxwell himself must and should recognise that the Government's own

CONFIDENTIAL

CONFIDENTIAL

4

credibility would be damaged if it were to change
its position now.

DN

DAVID NORGROVE
21 October 1986

EL3BLT

CONFIDENTIAL

CCBB
CCBB



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

David Norgrove Esq
Private Secretary
10 Downing Street
LONDON
SW1

21 October 1986

Dear David

COMMONWEALTH GAMES, EDINBURGH

Further to my letter of yesterday I now enclose
the additional material as requested.

*Yours
Andy*

ANDY RINNING
Private Secretary

HMP29403

MEETING OF THE PRIME MINISTER AND THE SECRETARY OF STATE
FOR SCOTLAND WITH MR ROBERT MAXWELL: 22 OCTOBER

BRIEFING NOTES

1. SUCCESS OF THE GAMES

Line to take

I CONGRATULATE YOU ON YOUR CONTRIBUTION TO THE SUCCESS OF THE
EDINBURGH GAMES.

Background

Mr Maxwell took over Commonwealth Games (Scotland 1986) Limited in June when confidence was at a low ebb. He restored financial credibility and brought in high calibre advisers. He has been at some pains in his letters and in the Company's minutes to make it appear that the Games would otherwise have collapsed. The previous Chairman and Directors were however looking for a cash injection rather than a takeover. It is reasonable to assume that they would have been able to make a success of the Games on this basis. Mr Maxwell contributed to media interest as far as the popular Press is concerned without appearing to have made a decisive impact. The Games were a substantial media success on television: but the credit here goes to the BBC as host broadcaster.

2. THERE WAS GOOD REASON TO EXPECT GOVERNMENT HELP

Line to take

AT THE TIME OF YOUR INTERVENTION YOU STRESSED YOUR INTENTION TO RESOLVE THE ORGANISERS' FINANCIAL DIFFICULTIES. GOVERNMENT POLICY WAS EXPLAINED TO YOU PERSONALLY BY A CABINET MINISTER (MALCOLM RIFKIND) AND BY THE MINISTER THEN RESPONSIBLE FOR SPORT IN THE SCOTTISH OFFICE (ALLAN STEWART). IN ASSUMING THAT YOU WOULD BE ABLE TO PERSUADE HMG TO CHANGE POLICY YOU MADE A MISJUDGMENT FOR WHICH THE RESPONSIBILITY IS ENTIRELY YOUR OWN.

Background

Mr Maxwell has never claimed that he had any commitment or hint to the effect that Government policy would actually be changed. He has, however, consistently tried to extract commitment of "insurer of last resort" from HMG; and he has attempted to insinuate that these attempts imply a greater government readiness to review policy than has ever been the case. His letter of 31 July to Mr Rifkind acknowledged that "the Government has made clear on numerous occasions that no central

public funds would be available". His claims that undertakings were given to review policy have been categorically rejected in writing.

3. THE PUBLIC INTEREST WOULD BE SERVED BY A CHANGE OF POLICY

Line to take

THERE IS A SUBSTANTIAL PUBLIC INTEREST IN THE COMMONWEALTH GAMES. THAT IS WHY THE GOVERNMENT BACKED EDINBURGH'S BID. BUT WE DID SO ON THE CLEARLY UNDERSTOOD BASIS OF NO FINANCIAL COMMITMENT. WE ARE SATISFIED THAT THE BALANCE OF PUBLIC INTEREST LIES IN MAINTAINING THIS POLICY.

Background

This fundamental policy issue has been tested and agreed in four rounds of inter-Ministerial correspondence.

4. THE GAMES WERE HIT BY DEVELOPMENTS OUTSIDE OUR CONTROL SUCH AS THE BOYCOTT AND THE HIGH COST OF SECURITY

Line to take

POLITICAL BOYCOTTS AND COSTLY SECURITY REQUIREMENTS HAVE BEEN A FACT OF LIFE FOR MAJOR SPORTING EVENTS FOR MANY YEARS. THE GOVERNMENT DID EVERYTHING IN ITS POWER TO PREVENT THE BOYCOTT OF EDINBURGH FROM SPREADING.

Background

The Commonwealth Games are chronically vulnerable to boycott on the issue of sporting contacts with South Africa. Fund-raising for the Edinburgh Games had many setbacks as a result. It is however the case that when Mr Maxwell took over these difficulties appeared to be in the past. The fact that the recommendations of the Commonwealth Eminent Persons Group were not to be reviewed until after the Games appeared to remove the danger of a boycott in the very quarter from which it eventually materialised. The organisers believe they are entitled to government sympathy over the high cost of security but this, even more than boycotts, is a factor for which they should have been well able to plan in advance.

5. THE FINANCIAL GAP IS SMALL

Line to take

IT IS A CREDITABLE ACHIEVEMENT TO HAVE REDUCED THE FUNDING DEFICIT TO £1 MILLION. WITH YOUR OWN FINANCIAL RESOURCES AND EXPERTISE YOU SHOULD BE ABLE TO CLOSE THAT GAP. IT MIGHT BE

MORE COST-EFFECTIVE TO DO SO THAN TO HAVE TO CONTINUE DEVOTING SO MUCH OF YOUR ENERGIES TO THE GAMES.

Background

Mr Maxwell's overall view of the financial position is set out in his letter to the Prime Minister. The underlying figures are: total expenditure £15 million (assuming that "inflated and unmerited items" can be eliminated); total income £11.5 million; deficit £3.5 million. This is very much where the Company were when Mr Maxwell took over. It is impossible to say how reliable Mr Maxwell's figures are. Accounts, although available, have not been submitted to the Directors. Financial Reports prepared by Coopers and Lybrand have been distributed at Directors' meetings only for the agenda item concerned, scanned extremely rapidly and then withdrawn as being too confidential to be allowed outside the boardroom. Copies of some Financial Reports have been made available to the Scottish Office and support the analysis submitted by Mr Maxwell to the Prime Minister. There is no reason to disbelieve the main conclusions drawn by reputable consultants. A number of uncertainties nevertheless emerge. Income estimates have fluctuated widely. Expenditure provision appears to contain uncertainties (such as the assumption that the creditors concerned will accept that certain items are correctly described as "inflated and unmerited"). At the end of the day the gap will be determined by whatever arrangement creditors will accept in the light of the funds at Mr Maxwell's disposal with or without a Government contribution.

6. THE FAILURE OF BIRMINGHAM'S OLYMPIC BID HAS CHANGED THE SITUATION

Line to take

THERE ARE MANY COMPANIES WHICH LOOK TO THE GOVERNMENT FOR SUBSIDIES. THE LINE HAS BEEN DRAWN QUITE CLEARLY AS FAR AS BOTH BIRMINGHAM AND EDINBURGH ARE CONCERNED.

Background

Mr Maxwell is unlikely to press this point with any real confidence. He admitted to the Directors at a meeting in Edinburgh on 13 October that it was the general policy of the Government towards private sector subsidies rather than Birmingham's bid which underlay the Government's refusal to contribute to the Edinburgh Games.

7. THE PUBLIC EXPECT THE GOVERNMENT TO CONTRIBUTE

Line to take

THE PUBLIC UNDERSTAND GOVERNMENT POLICY AS WELL AS YOU DO. YOUR INTERVENTION IN THE GAMES WAS WIDELY PERCEIVED AS A FINANCIAL RESCUE AND IT IS TO YOU THEY WILL LOOK NOW.

Background

Public perceptions are mixed. The Scottish media (with the exception of Mirror Group papers) are generally hostile to Mr Maxwell. But they also argue that Scottish interests will be damaged by a collapse of the Games Company and that the Government should act to prevent this. Opposition politicians, especially in the SNP, can be expected to exploit this issue.

8. MANY SMALL BUSINESSES IN SCOTLAND WILL SUFFER IF THE COMPANY GOES BROKE

Line to take

WE LOOK TO YOU TO DISCHARGE YOUR RESPONSIBILITIES TO ALL YOUR CREDITORS.

Background

A strong lobby is being mounted against the Government by creditors. The policy of the Games Company has been to pay all small creditors (owed £5,000 and under) in full; to pay medium creditors one-third on account; and to negotiate with the handful of major creditors who will not face liquidation even if they are not paid. It is expected that some small and medium-sized firms and their subcontractors will be forced into liquidation if the Games Company collapses. Many more will suffer loss and have to lay off staff. The Games Company may be able to make an assessment of how extensive or significant the damage might be. To ask Mr Maxwell to provide more precise details however would encourage him to try and spin out what he would have an interest in implying were negotiations.

9. DIRECTORS INCLUDE LEADING SCOTTISH PUBLIC FIGURES WHOSE REPUTATIONS WILL SUFFER IF THE COMPANY COLLAPSES

Line to take

I WOULD EXPECT ANY CRITICISM TO CENTRE ON THE DIRECTORS' JUDGMENT IN VOTING YOU ONTO THE BOARD IN ORDER TO SAVE THE COMPANY.

10. OTHERS SHOULD TAKE THE BLAME, ESPECIALLY THE PREVIOUS LEADERSHIP OF THE COMPANY AND EDINBURGH DISTRICT COUNCIL

Line to take

FOR A COMPANY RELYING ALMOST ENTIRELY ON VOLUNTARY EFFORT THE GAMES COMPANY WAS IN GOOD HEART AND PULLING TOGETHER WELL AT THE TIME OF YOUR TAKEOVER. THEIR DIFFICULTIES WERE FINANCIAL. YOU UNDERTOOK TO SOLVE THESE DIFFICULTIES. IT IS TOO LATE TO TRY AND AVOID THIS RESPONSIBILITY NOW.

Background

Mr Maxwell has prepared scapegoats in case of failure. Some of his criticism of the competence of his colleagues and of the grudging attitude to the Games adopted by the City Fathers are well founded. An organisation consisting almost entirely of volunteers however is bound to have some weaknesses. Mr Maxwell has not been able to solve the organisers' financial problems; and there is no reason to suppose that his predecessors would not have been able to run the Games themselves if these difficulties had been overcome. In certain respects such as the administration of the Games village, the previous organisers showed striking competence.

11. THERE ARE VARIOUS INDIRECT WAYS IN WHICH THE GOVERNMENT COULD MAKE A CONTRIBUTION WITHOUT APPEARING TO DO A U-TURN

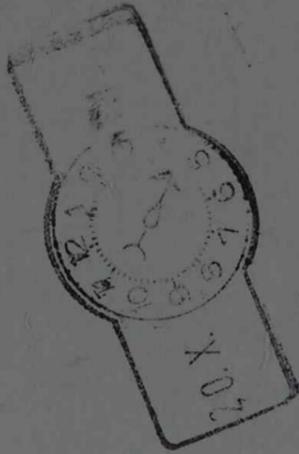
Line to take

WE ARE NOT PREPARED TO CONTEMPLATE SUCH DEVICES.

Background

The organisers have produced fertile ideas for hidden Government subsidies. for example through the Scottish Sports Council or the Royal Mint. All of these devices would be transparent and would set awkward precedents.

SED
October 1986





NEW ST. ANDREW'S HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

STRICTLY PERSONAL AND CONFIDENTIAL

Robert Maxwell Esq MC
Chairman
Commonwealth Games (Scotland 1986) Limited
Canning House
19 Canning Street
EDINBURGH
EH3 8TH

9 October 1986

Dear Bob,

You wrote to me on 31 July seeking help with the residual deficit that you expect Commonwealth Games (Scotland 1986) Limited to have to meet after the outcome of the various initiatives described in your letter was known.

I am writing to let you know that after the most careful consideration of your proposals I have concluded that government assistance cannot be justified. As your letter acknowledges, the government has made it clear on numerous occasions that no central government funds would be available for the Games. There has never been any uncertainty as to government policy and nothing in your letter persuades me that it would be right to depart from it.

Yours ever,
Malcolm Rifkind

MALCOLM RIFKIND

HPR27602



NEW ST. ANDREWS HOUSE
EDINBURGH EH1 3SX

Peter Jay Esq
Mirror Group Newspapers
Holborn Circus
LONDON
EC1P 1DQ

8 September 1986

Dear Mr Jay

Thank you for your letter of 15 August addressed to Mr Robbie.

Neither the Secretary of State nor I have any recollection of an assurance to Mr Maxwell in the terms quoted in your letter when Mr Maxwell undertook the task of rescuing the Games Company. There is therefore no question of Mr Rifkind resiling from an understanding with Mr Maxwell.

Yours sincerely
Robert Gordon

ROBERT GORDON
Private Secretary

SJR01519.096

2717



NEW ST. ANDRÉW'S HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

Councillor Mark Lazarowicz
Leader of the Council
City of Edinburgh District Council
City Chambers
High Street
EDINBURGH
EH1 1PN

19 August 1986

Dear Councillor Lazarowicz,

I am replying on behalf of the Secretary of State to your letter of 6 August.

I am afraid that your letter displays a basic misunderstanding of the position. When the Games Organisation accepted responsibility for the 1986 Games, it was on the clear understanding that the Games would be financed without any contribution or guarantees from central government funds. There is therefore no question of the Games having a right, as you suggest, to expect Government support.

*Yours sincerely,
K M Robbie*

K M ROBBIE
Private Secretary

JSS23101



Recd 7/8
9F / SED
Mr Stewart rep
ASL/1048/86

CITY OF EDINBURGH DISTRICT COUNCIL

ML/DC

6th August 1986

Malcolm Rifkind MP
Secretary of State for Scotland
Scottish Office
Dover House
Whitehall
LONDON

Dear Mr Rifkind

I am writing with regard to the financial situation of the Commonwealth Games. You will be aware of the increasing concern at the likely deficit facing the Games Organisation at this stage. I am writing to express my support for the approaches which I believe have already been made to you by the Commonwealth Games Organisation seeking that the Government should meet the deficit which is likely to be incurred for the staging of the event.

So far, as you will be aware, the Government has given no financial support to assist the Games Organisation in mounting an event which was clearly of international significance and one which therefore had every right to expect Government support. The refusal of the Government so far to give any financial support is in marked contrast to the situation which applied, for example, in the Los Angeles Olympics when considerable support was forthcoming from governmental sources; and indeed the British Government has indicated that it would give a level of financial support or guarantee for the 1992 Olympics if they were to be held in London or Birmingham. In particular, I would ask you to give serious consideration to meeting the costs of the major security operation which had to be mounted at Games venues and at the Games village.

The people of Scotland have already responded magnificently to the financial appeals organised in support of the Games, and showed through the packed attendances at the Games events their appreciation that this major international event was taking place in Scotland. I ask you to give recognition to this support by providing the necessary financial resources to enable the Games Organisation to meet all the remaining calls upon its funds.

Yours sincerely

Mark Lazarowicz

COUNCILLOR MARK LAZAROWICZ
LEADER OF THE COUNCIL

CITY CHAMBERS, HIGH STREET, EDINBURGH EH1 1PN TELEPHONE 031-225 2424

Commonwealth Games (Scotland 1986) Limited Canning House, 19 Canning Street, Edinburgh EH3 8TH
Telephone 031-248 1986 Telex No. 727206 GAMES G



XIII COMMONWEALTH GAMES
SCOTLAND 1986

K.M. Robbie, Esq.,
Private Secretary to the Secretary of State for Scotland,
New St Andrew's House,
EDINBURGH, EH1 ESX

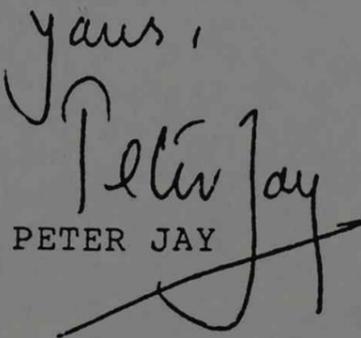
15th August, 1986,

Dear Mr Robbie,

Thank you for your letter of 14th August, 1986.

Mr Maxwell has asked me to say that he has a record of the assurance which he received from the Secretary of State before he undertook the onerous task of rescuing the Games Company that, whilst the Government's policy of no assistance to the Games from public funds remained, if at the end of the day there is a shortfall in the Company's finances, he will try to persuade his colleagues that the Government should then do what it can.

If your letter means that the Secretary of State is now resiling from that understanding, then the Games Company must be put into immediate liquidation; and the minutes of the meetings, the correspondence, including this letter, and other material papers will have to be published.

Yours,

PETER JAY

Chairman: Robert Maxwell Executive Deputy Chairman: Bryan Cowgill
Chief Executive: Blair Grosset
Registered in Scotland No: 81212 VAT Registration No: 380 0744 66
Headquarters accommodation by courtesy of British Telecom.
All correspondence to Chief Executive



NEW ST. ANDREW'S HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

Peter Jay Esq
Mirror Group Newspapers
Holborn Circus
LONDON
EC1P 1DQ

14th August 1986

Dear Mr Jay,

As I told you this morning the Secretary of State is sorry that he could not agree to break his leave to see Mr Maxwell. Apart from the considerable practical difficulties involved, he felt that to do so would imply that the Government was preparing to change policy. He has asked me to say that it would be most unwise for the company to proceed in this expectation; and that any impression they may be giving to this effect, whether intended or not, is unwarranted. As Mr Maxwell's letter of 31 July acknowledges, the Government has made it clear on numerous occasions that no central government funds would be available for the Games.

Mr Rifkind will reply to Mr Maxwell's letter of 31 July soon after his return from holiday. In view of the postscript to the letter we are treating it as strictly confidential. If its contents become known we will draw on this letter in answering enquiries.

*Yours sincerely,
K M Robbie*

K M ROBBIE
Private Secretary

HPR22603

Commonwealth Games (Scotland 1986) Limited Canning House, 19 Canning Street, Edinburgh EH3 8TH
Telephone 031-248 1986 Telex No. 727206 GAMES G



XIII COMMONWEALTH GAMES
SCOTLAND 1986

31 July 1986

The Rt Hon Malcolm Rifkind MP
Secretary of State for Scotland
The Scottish Office
New St Andrew's House
St James Centre
EDINBURGH

Dear Malcolm,

REPORT TO THE SECRETARY OF STATE FOR SCOTLAND
BY THE CHAIRMAN OF THE BOARD OF
COMMONWEALTH GAMES (SCOTLAND 1986) LIMITED
CONCERNING THE COMPANY'S POSITION

Following the meeting of the board of directors on Thursday 24 July 1986, I am writing with the knowledge of my board to advise you of the current position of Commonwealth Games (Scotland 1986) Limited ("CGSL") and to make proposals to obtain certain assurances. If obtained, these will ensure that the company can continue to meet its obligations and, in due course, pay its small and medium sized creditors in full and subsequently the large ones as well subject to the other proposals set out in this paper.

This report is set out under the following principal headings:

1. Background
2. Summary of Problems
3. Current Position
4. Proposal

1. Background:

In 1978 Edinburgh was awarded the position of host to the 1986 Commonwealth Games. In order to prepare for the Games an organising committee was formed under the then Lord Provost, Mr Kenneth Borthwick.

Chairman: Robert Maxwell Executive Deputy Chairman: Bryan Cowgill
Chief Executive: Blair Grosset
Registered in Scotland No: 81212 VAT Registration No: 380 0744 66
Headquarters accommodation by courtesy of British Telecom.
All correspondence to Chief Executive.

- 2 -

At the outset, and since, the Government has made it clear on numerous occasions to the Games Organising Committee that no central public funds would be available to stage these Games. All funding was to be raised from local government and a variety of private sources. This had not previously been attempted either in the United Kingdom or elsewhere, apart from the last Olympics at Los Angeles. On 21 December 1982 the Organising Committee formed this company to undertake the contractual obligations necessary to stage the Games.

2. Summary of Problems:

I set out below a brief commentary on each of the main problems which faced the organisers of the Games and which have a bearing on the present situation facing the company.

(a) Organisation -

CGSL established an organisation which reflected the previous experience of those charged with staging the Games. Committees were formed to handle each of the various matters which had to be attended to. A chairman was appointed to each committee. Most of these committees carried out their tasks through an executive officer who was a fulltime employee of CGSL. These executive officers were, in the main, retired or seconded local government officers. Unfortunately, the duties and responsibilities of these executives were mainly determined by their committees, made up of part time and retired private individuals, rather than the necessary central CGSL executive direction.

In the first half of 1984 it was found that this organisation was inappropriate to a commercially funded operation. In August 1984 the board appointed a chief executive, Mr Blair Grosset (a retired former local government financial officer), to take overall responsibility for the management of the company. However very little of the previous established modus operandi changed and no effective central direction was established to plan, coordinate and implement the preparations for the Games in the needed professionally managed manner.

(b) Resource Limitations - the Scottish Dimension -

The 1986 Commonwealth Games were expected to be the biggest yet staged. The extent of the facilities necessary was underestimated and initially it was not appreciated that without central government support the resources available in Edinburgh and in Scotland were inadequate to meet the demands on the organisation. For example, the rules of the Commonwealth Games Federation state that fund raising should be confined to the host country. Astonishingly, it only gradually dawned on the Games Organising Committee that Scotland, on its own, did not have the capacity to fund such a major international event on the stipulated basis.

- 3 -

When this lack of resources was recognised, CGSL belatedly sought assistance from outside Scotland. Initially there was some opposition to this course of action from the English, Welsh and Northern Irish Commonwealth Games Councils which frustrated the company's efforts. These conflicts took time and effort to resolve and thus added further to the burdens facing the organisers. This episode alone underlines the amateurish approach by the Scottish side to this immense problem.

(c) Marketing and Publicity -

There has been a major failure in publicising the 1986 Commonwealth Games in Scotland and throughout the UK. There has been an alarming lack of awareness and apathy about the Games amongst the public and in the business community. This has clearly contributed to the failure by the various fund raising activities to meet their original projected targets.

Despite employing paid professional PR consultants, a major failing has been the lack of a comprehensive public relations and publicity plan from the start. For example, no attempt was made to brief the media in Scotland or London on a regular basis. Industry and commerce have not been effectively harnessed to support the activities of the company. Such publicity as was arranged was often only locally orientated and there was little or no attempt to promote the company or the Games nationally through Fleet Street or internationally.

(d) Fund Raising -

CGSL sub-contracted the main fund raising activity to C G Consortium Limited, a joint venture between Saatchi & Saatchi and Arthur Young ("the Consortium") which was formed for the purpose. Their original target was to raise £15 million from sponsorship and other activities such as the sale of commemorative coins. Twelve months ago, the Consortium advised the company that they expected to generate around £12 million with a minimum projection of £8 million. This minimum figure was raised by the Consortium to £9.5 million in December 1985 and they now admit that this was an error of judgement on their part. Notwithstanding the fact that the Consortium and the Board knew that their income projections were optimistic, CGSL nevertheless continued to plan and incur expenditure in line with the Consortium's optimistic projections.

CGSL, having sub-contracted the commercial exploitation of the Games, failed to monitor and supervise the performance of the Consortium and to amend its expenditure plans to match the falling revenue expectations.

The Consortium now admits that it consistently adopted an over-optimistic view of the prospects which incredibly seems to have been based largely on the experiences of the Los Angeles Olympic Games. On that occasion, a substantial portion of the sponsorship income was raised in the 6 months immediately prior to the event.

- 4 -

However, Los Angeles had covered its basic running costs from ticket money and the sale of broadcasting rights for several hundred million dollars. CGSL sold the broadcasting rights for the 1986 Commonwealth Games to the BBC for only £500,000, with ticket sales estimated at £1,250,000! Consequently, Edinburgh depended on sponsorship to cover the bulk of the costs.

(e) Competitors -

The 1986 Edinburgh Games were expected to be the largest Commonwealth Games held to date, both in terms of countries participating, approximately 55, and the number of competitors entered, approximately 3,400. Initially, CGSL underestimated the potential numbers of athletes and officials who were expected to attend. The rules of the Games did not require countries to finalise their entries until early July 1986. As a result, some of the assumptions made earlier proved unrealistic and when these were revised the planned resources available to the company became over-stretched. This situation affected the detailed planning exercise and resulted in the company incurring substantial additional expenditure. In consequence the original budget of approximately £7 million for staging the Games rose to £13.1 million in the summer and has now increased to £15 million.

(f) The Boycott -

The effect of the boycott of the Games, by over 32 countries, has been catastrophic. The company has had to enter into commitments to ensure that the Games were staged on time, for example to prepare venues for each sport. There has been virtually no opportunity at this late stage to curtail expenditure.

In addition, the boycott has had a totally detrimental impact on the company's and my personal last minute fundraising efforts. A number of potential sponsors have withdrawn from discussions and others have reduced their previously firm commitments.

(g) Government position -

There has been uncertainty over the Government's attitude to the funding difficulties in the prevailing circumstances since 1982. The Scottish Office has been kept fully informed of all developments through the participation of its Assessor, Mr Campbell, an under secretary at the Scottish Education Department, at the company's board meetings. However, there has been considerable frustration and doubt to the extent that during June 1986, when several of the directors realised that a significant deficit could potentially arise, they intimated their desire to resign from the Board. In the event, no resignations occurred, largely as a result of informal advice from the Assessor that this would be a gross over-reaction and could only result in the collapse of the company. Rightly or wrongly, directors of CGSL interpreted this as tacit Governmental support for their continued efforts.

- 5 -

(h) Summary -

Clearly, in the organisation of the 1986 Games, a number of grave misjudgements have occurred and serious mistakes made:

- (a) Throughout the period of preparation, there has been a lack of effective management control over the physical preparations and over financial commitments and exposure. For example a financial controller was not appointed until late 1985.
- (b) The Games organising committee failed to appreciate at the outset that without Central Governmental support the financial resources available within Scotland would be wholly inadequate to meet the cost of staging the Games at the level required.
- (c) The failure of the Consortium to meet their own target was not recognised by the board until it was too late. Inadequate control was exercised over the other fund raising activities resulting in unnecessary expenditure and waste.
- (d) An atmosphere of undue optimism has prevailed when the warning signs were clear for all to see.

Despite these difficulties, self induced and due to external circumstances, preparations for the Games are complete and they have been opened on schedule, which is a remarkable achievement for which all concerned can be proud.

3. Current Position:

On 19 June 1986, the Board of CGSL invited me to assume the chairmanship of the company. I accepted this onerous task simply because the alternative as was put to me of the immediate appointment of a Receiver with the national humiliation that this would bring both to Scotland and to the UK. Before accepting the office I telephoned you and whilst you confirmed the Government's line that no central government funds would be made available to the Games, you did assure me that if after all my efforts there was still to be a deficit, you will agree to consider my proposals.

I deputed my colleague, Mr Bryan Cowgill, Deputy Chairman of Mirror Group Newspapers, to take over the executive vice-chairmanship of the company on a full-time basis, in order to ensure that the Games opened on time, are a credit of Scotland and the U.K. as a whole and are concluded successfully. He took action to strengthen management weaknesses and establish effective financial control.

I appointed Coopers & Lybrand to provide financial monitoring services for which MGN Ltd will be paying approximately £100,000, a charge which will not fall on the Games company.

- 6 -

My appointment helped to provide the confidence factor that enabled the company to complete all the preparations in time for the opening.

The latest financial forecast indicates that the Games are expected to cost £15 million. Most of this sum has now been committed. The company has raised, or expects to raise during the period of the Games, approximately £5 million which, together with the estimated £6.2 million receipt from the Consortium, gives total income to date of £11.2 million.

Thus, present projections indicate a potential deficit of £3.8 million. I and the new executive team is making, and will continue to make, every effort to reduce this shortfall through rigorous control over expenditure and by instigating new fundraising activities, which include:

- (a) A national appeal backed by most of Fleet Street's papers, as well as by the Daily Record, Sunday Mail, Scotsman, Edinburgh Evening News and the DC Thomson papers.
- (b) Media committees have been established under the chairmanship of David Stevens, Chairman of United Newspapers, London, and Mr Nimmo, Editor of the Edinburgh Evening News in Scotland, with whose assistance the national awareness of, and support for, the Games has been raised successfully. This has contributed greatly to getting the national appeal for monetary support launched which has so far raised approximately £250,000.
- (c) In spite of the boycott difficulties, I have been able to raise approximately £1 million in additional sponsorship in cash for the Games. Of this sum £250,000 comes from Mirror Group Newspapers. This does not include the costs of staff seconded to the Games and approximately £1 million of advertising pages published in the Daily Record, Sunday Mail, Daily Mirror, Sunday Mirror and The People.
- (d) The appointment of an experienced executive staff to take immediate and effective action on the numerous fronts that were needed to ensure that preparations were completed on time for the launch and orderly conduct and administration of the event.

It is too early to quantify the outcome of all of these new initiatives, some of which have yet to be launched.

4. Proposal:

As mentioned above, on our present projections, there will be a shortfall of £3.8 million in funding the Games. My proposals for dealing with this are:

- (a) to continue our various fundraising activities described above;
- (b) to obtain further contributions from the major commercial supporters of the Games, both in money and in kind; and

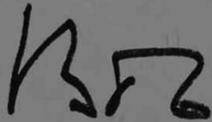
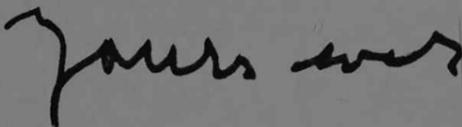
- 7 -

(c) to secure from the Government an undertaking that any remaining deficit will be met from central funds. This is expected to be approximately £2 million and shall not exceed £2.5 million.

On this basis, I expect that CGSL will be able, in due course, to meet its obligations to its creditors, the vast majority of whom are small and medium sized Scottish local companies who cannot afford to sustain the size of loss that could be involved.

In the absence of such an understanding in principle, nobody else will be prepared to make the necessary sacrifice. The unpalatable alternative, largely brought about by the boycott, can only be for the directors to consider their responsibilities now. These must include putting the company into immediate liquidation. In those circumstances it is clear that the suppliers to and creditors of the Commonwealth Games will suffer total loss.

I would be pleased to provide any further information which you may require.



Robert Maxwell
Chairman

PS There are only two copies of this letter. You have the original and I have the second copy.

HOUSE OF COMMONS.
Vol. 102/58 Col. 636....
Date 25/7/86.....
Oral/W.PETER.

Mr. Rippon asked the Secretary of State for Scotland whether he will arrange for Her Majesty's Government to make a contribution to the expenses of the Commonwealth games deducting the cost from aid currently earmarked for Commonwealth countries who have boycotted the games.

Mr. Allan Stewart: It is for the organisers to assess the financial implications of the last minute withdrawals from the Commonwealth Games. The organisers have not asked for Government financial assistance. My right hon. and learned Friend and I congratulate them on their determination to make the games a financial success.



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Robert Maxwell Esq MC
Chairman
Mirror Group Newspapers Ltd
Holborn Circus
LONDON EC1

19 June 1986

Dear Bob,

My congratulations on your decision to intervene so decisively in order to ensure the financial success of the XIII Commonwealth Games. My Ministerial colleagues in Scotland and I are delighted. I am sure your public-spiritedness will be widely welcomed in Scotland and throughout the Commonwealth - and not in sporting circles alone.

Yours ever,
Malcolm Rifkind

MALCOLM RIFKIND

HPR17005



NEW ST. ANDREW'S HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

Kenneth W Borthwick Esq CBE
Chairman
Commonwealth Games (Scotland 1986) Ltd
Canning House
19 Canning Street
EDINBURGH
EH3 18TH

30 May 1986

Dear Ken,

Thank you for your letters of 13 and 26 May about the finances of the XIII Commonwealth Games.

My predecessor's support for the bid to hold the 1986 Games in Edinburgh was given on the understanding that there could be no grants from Government to provide facilities for the Games and that the Government could not give any commitment on a guarantee. You should pursue the other sources of potential support mentioned in your letter, including your main backers who have a direct financial stake in the Games and those who accepted the principle of providing financial guarantees at the time of the bid. I am glad to note that you see prospects of a satisfactory response from these quarters.

I have every confidence that your financial difficulties will be surmounted and the Games held successfully. I should be grateful however if I could be kept in close touch, through my assessor, about developments. Please ensure that in the final run up to the Games we obtain regular documentation about the financial position, including all necessary budgetary information and regular statements on the latest forecasts of income from all sources.

*Yours ever,
Malcolm Rifkind*

MALCOLM RIFKIND

JSS02209

FROM THE SECRETARY: MR J A SCOTT M.C.



SCOTTISH EDUCATION DEPARTMENT
NEW ST. ANDREWS HOUSE
EDINBURGH EH1 3SY

031-556 8400 Ext 4004

B Grosset Esq
Chief Executive
Commonwealth Games (Scotland 1986) Limited
Canning House
19 Canning Street
EDINBURGH
EH3 8TH

7 May 1986

Dear Blair

COMMONWEALTH GAMES

Thank you for your two letters of 1 May about the prospects of Government help towards the financing of the Commonwealth Games.

I am not entirely sure what construction to place on the figures which you indicate, particularly since you already have a guarantee from Edinburgh District Council which goes some way to meet your needs. But the central point of my reply must be that, as I explained when I saw you and Jim Souness on 10 April, any approach to Government to reverse its consistent position against becoming financially involved in the mounting of the Games must come at the political level from your Chairman on behalf of himself and his fellow Directors. I also repeat the advice I offered that the presumption is so strongly against such a radical change of policy by the Government that I would see no prospect of it accepting the role of "residual guarantor" unless this approach was made in a situation where there was a real prospect of cancellation of the Games. It goes without saying that an approach should not be contemplated until all other sources of support had been tried. There is no prospect of an indirect Government subsidy, for example through the Royal Mint, as suggested in your second letter.

We remain ready to try and help you and the Consortium to open negotiations with companies whose support might have been expected but has not so far materialised, as discussed at our meeting on 10 April. I understand that you have now provided David Campbell with a list of the kind we discussed then.

I am sending a copy of this letter to your Chairman, Ken Borthwick.

Yours sincerely
James Scott

J A SCOTT

HPR12701



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Director of Administration
The City of Edinburgh District Council
Council Chambers
High Street
EDINBURGH
EH1 1YJ

19 June 1984

Dear Sir,

The Secretary of State has asked me to thank you for your letter of 15 May about the 1986 Commonwealth Games.

Ref A.
The Secretary of State is sorry to see that there appears to be a misconception about the basis on which he agreed to support Edinburgh's bid to host the Games. In order to remove this he has asked me to send you, for consideration by your Council, a copy of the minutes of the meeting held on 4 October 1979 to discuss the Council's bid. Your Council will note that its representative, the then Director of Recreation, said that "the facilities required for the Games (with the exception of a suitable shooting range) already existed and would be upgraded as necessary within the District Council's normal allocation". It was on this understanding that the Secretary of State lent his support for the City's subsequently successful bid.

Although the position remains that no further capital resources are available over and above the allocations already issued, these allocations can of course be enhanced by any capital receipts raised by the Council through the disposal of land and property. Your Council may therefore wish to consider this possible means of boosting their total capital programme. Both this and the eventual choice of projects within the total programme lie within the Council's discretion.

Finally the Secretary of State has asked me to emphasise to your Council that no discourtesy is implied in the fact that he has asked me to write this letter on his behalf. This is a normal procedure. The Secretary of State's support for the District Council as hosts for the 1986 Commonwealth Games remains unchanged.

A separate reply will be sent to Councillor Lazarowicz' letter of 7 June about the velodrome project.

Yours sincerely,
John S. Graham

J S GRAHAM
Private Secretary

FROM THE MINISTER FOR INDUSTRY AND EDUCATION



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU
TELEPHONE: 01-233 3000

Neil Macfarlane Esq MP
Parliamentary Under Secretary
of State
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

16 May 1984

Internal letter

THE XIII COMMONWEALTH GAMES 1986

The current furore over the Olympic Games prompts me to write to you about my concern about prospects for the Commonwealth Games in Edinburgh two years hence.

The last time we spoke about this subject was in the House when you asked if we might be able to persuade the Scottish Rugby Union to exercise a restraining influence over the plans of their English colleagues to tour South Africa. We looked into the position with the Scottish Rugby Union and while their attitude on apartheid was generally helpful they did not feel they could exercise any influence over England in a subject which had become so fraught with emotion.

The English tour has of course caused a great deal of damaging speculation about the possibility of ~~the~~ exclusion of England from the Edinburgh Games which has already prejudiced the ability of the organisers to obtain sponsorship. I now expect a formal approach from the Executive Committee warning us that a Government guarantee may be necessary if the Games are to go ahead. Our officials are already in close touch about this problem and we will consult you before taking any formal position. Prospects should be much clearer after the Olympics have taken place and I intend to adopt a cautious attitude in the meantime.

The election of a Labour-controlled District Council in Edinburgh may also add to the troubles of the organisers of the 1986 Games. There was already some strain between them and the old Conservative-controlled Council. The new ruling group have exacerbated this by proclaiming that they wish to see England excluded from the Games and intend to impose District Council control over the organising committee. Much of this may be sheer political posturing and misunderstanding. It has however already caused a hardening of attitudes. Given time, common sense should prevail; the trouble is however that time is now at a premium. There is no formal agreement between the organisers and the District about the facilities needed for the Games and important decisions are now urgently required if everything is to be ready in good order and on time. The hotheads in the new Council may well be tempted to insist on their point of view thus casting further doubt on the viability of the Games and undermining even more seriously the prospects of sponsorship. The Government could end up as a convenient whipping-boy to both sides if things go wrong.

I do not want to sound alarmist or to suggest that we should intervene at this stage. On the contrary I am sure that in public we should remain disengaged and maintain a confident front.

I should be grateful if our officials could remain in close touch over the full range of issues.

I am copying this letter to Malcolm Rifkind, John Stradling-Thomas and Nicholas Scott.

ALLAN STEWART



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Director of Administration
The City of Edinburgh District Council
Council Chambers
High Street
EDINBURGH
EH1 1YJ

2 May 1984.

Dear Sir,

The Secretary of State has asked me to thank you for your letter of 12 April. As you say, there has already been some preliminary discussion of whether a meeting could be held.

Now that the Secretary of State has had the opportunity to consider your Council's request, he does not see a case for a meeting. In the first place, capital allocations are issued on a single block basis with the choice of individual projects across a wide range of services being left to the local authority. Against this background, therefore, it would be for the Council to plan whatever capital projects it may have in mind for the 1986 Commonwealth Games within its existing block allocation figures, as enhanced by any capital receipts.

Secondly, the Secretary of State has asked me to remind the Council of the basis on which in 1979 he originally supported the City's bid to host the 1986 Games. One of the Council's strongest cards at that time was that it already had the facilities available as a result of the 1970 Games and that all that was required was that they be upgraded for 1986. This upgrading was to be carried out within the Council's normal capital allocations and it was on this understanding that the Secretary of State gave his support to the siting of the 1986 Games in Edinburgh. The responsibility therefore now rests with the Council to accommodate the necessary work within its existing capital consent figures.

In these circumstances, the Secretary of State does not see a need for the meeting you suggest and he advises the Council to finalise its capital projects for the Commonwealth Games within the allocation figures which he has already issued.

Yours sincerely,
John S. Graham

J S GRAHAM
Private Secretary

FROM THE MINISTER FOR INDUSTRY AND EDUCATION



SCOTTISH OFFICE
NEW ST. ANDREW'S HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

J M Souness Esq
Chairman of Finance
Commonwealth Games (Scotland 1986) Limited
Canning House
19 Canning Street
EDINBURGH
EH3 8TH

9 September 1983

Dear Mr Souness,

Thank you for your letter of 2 August to the Secretary of State in which you seek a meeting to discuss the financing of the 1986 Commonwealth Games and in which you refer particularly to the guarantee which the Government gave for the 1970 Games. I am replying because of my responsibility for sport in Scotland.

As you are aware the Government gave its backing to Edinburgh making a bid to host the 1986 Games on the understanding that no financial assistance from the Government would be required. If, however, you consider that a discussion would still be helpful I would be happy to meet you. May I therefore suggest that you contact my Private Secretary Mr Chisholm (extension 4011) to arrange a convenient time.

Yours sincerely
Allan Stewart

ALLAN STEWART



Treasury Chambers, Parliament Street, SW1P 3AG

19 November 1979

Alexander Fletcher Esq MP
Parliamentary Under Secretary of State
Scottish Office
Whitehall
LONDON
SW1

Internal letter

A large, stylized handwritten signature in dark ink, appearing to read "Alex Fletcher".

COMMONWEALTH GAMES 1986

Thank you for sending Peter Rees a copy of your letter of 24 October to Hector Monro about the bid by the Commonwealth Games Council for Scotland to bring the 1986 Commonwealth Games to Edinburgh.

I am glad to note that the facilities which were used when Edinburgh staged the Games in 1970 will still be available in 1986 and that neither Government grants, nor guarantee, nor extra resources will be sought for the staging of the Games this time. I therefore see no objection to your writing to the Commonwealth Games Federation in the terms that you propose.

I am sending copies of this letter to Hector Monro and Richard Luce.

A handwritten signature in dark ink, appearing to read "Nigel Lawson".

NIGEL LAWSON

I understand that the Commonwealth Games Federation will decide on the venue for the 1986 Games at the Moscow Olympics next July, and that within the next month the CGCS would like to know whether they are to have our support.

I am copying this letter and enclosures to Peter Rees at the Treasury and Richard Luce at the Foreign and Commonwealth Office.

A FLETCHER

DLW

all 3 / 20 October 1986

I enclose three letters which the Prime Minister has received concerning the Commonwealth Games which were held in Edinburgh this year.

I should be grateful if you would arrange for either a Minister or a Private Secretary in your Department to reply to these letters on the Prime Minister's behalf.

(DAVID NORNGROVE)

Ady Rinning, Esq.,
Scottish Office.

ll15

MR. TAYLOR

Commonwealth Games.

ll15

Robert Maxwell is coming to see the Prime Minister at ll15 on Wednesday, 22 October, together with the Secretary of State for Scotland.

This meeting will not appear in the diary.

CAROLINE RYDER

16 October 1986

CONFIDENTIAL

- 2 -

I suggest that I should call Mr. Maxwell's office to say that you have nothing to add to what Mr. Rifkind told Mr. Maxwell last night. It will still be open to Mr. Maxwell and Mr. Rifkind to come back yet again, after the Olympics decision is announced.

Agree?

Yes mb

DRW

DAVID NORGROVE

13 October 1986

L04AGQ

SPORT: Commonwealth Games Aug 8

**CONFIDENTIAL
COMMERCIAL IN CONFIDENCE**

of £100 million. Birmingham would get no help with an operating deficit if the Games were held, even if it was in excess of £100 million. Edinburgh would have no claim had they obtained an indemnity along the lines proposed for Birmingham. Colleagues agreed a tough policy on Birmingham's Olympic bid and I see no reason to soften our approach in relation to Edinburgh. Above all, to do so would seriously weaken our policy on Birmingham's bid and be repercussive in other areas.

I am copying this letter to the Prime Minister, Geoffrey Howe, Nicholas Ridley and to Sir Robert Armstrong.

*Yours,
JH*

JOHN MacGREGOR

**CONFIDENTIAL
COMMERCIAL IN CONFIDENCE**



Mr. Norgrove

Most grateful if you would glance at this. You should see papers from flap in file.

My main reason is that if the Prime Minister says nothing about the question of HMG support Maxwell may read this as further encouragement. But the only thing she really could say which wouldn't sound encouraging to him is a definite no which may cause problems given that we can't clear the reply with the Scottish Office, and Maxwell may (will) take offence since he has said the letter is not about the possible contribution.

BK/1
Scottish Office say that a reply to Tim Flesher letter will be with us by Monday - Rifkind intends to fight for a contribution.

AB
Andy Bearpark

12 September 1986

Thank you for your letter of 11 September about the Commonwealth Games.

There is certainly no wish on the part of the Government to undermine your efforts to raise sufficient funds to meet the expected deficit, and it is unfortunate if recent press reports have given that impression.

[I know that you have put an immense amount of effort into finding the necessary sponsorship - and do wish you every success in this.]

or

[You rightly say that the possibility of Government assistance is a separate issue. But I must say now that we had always intended the Games to be selffinancing and I do so hope that you are successful in raising the necessary sponsorship.]

JA(62)

SPORT
COMMONWEALTH GAMES
8/10/55

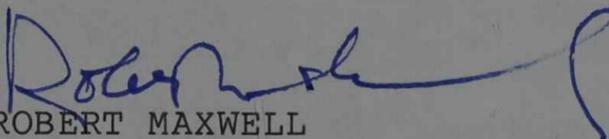


the attached note.

I am sorry to trouble you personally with this. But, when it appears that senior Government officers are acting unilaterally and outside the framework of Government policy, it is only to the Prime Minister that one can appeal. I hope that you can help to abate this sterile hail of brickbats so that we can get on with our proper task of raising the remaining money. We may still be asking HMG to help; but that is a separate matter.

with best personal wishes,

yours sincerely


ROBERT MAXWELL

their money. Why should the "Cabinet source" urge upon even one of them a lemming-like course, which can only do them harm and which they and the Board do not judge to be in their best interests ?

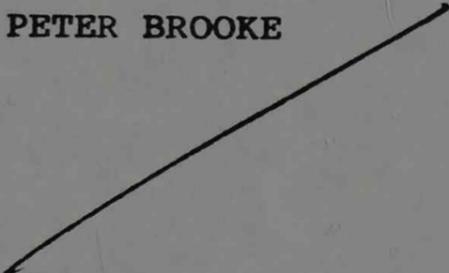
11th September, 1986

I understand the political considerations that you set out towards the end of your letter. But in my view it would be wrong, for the reasons that I have given, for the Government to offer a guarantee of the kind you propose.

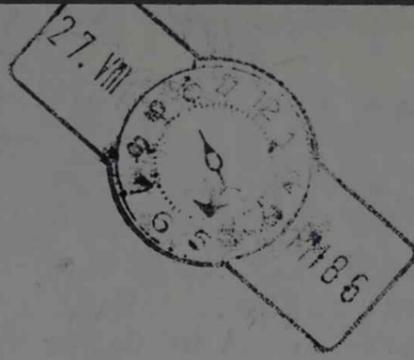
I am copying this letter to the Prime Minister, Geoffrey Howe, Nicholas Ridley and Sir Robert Armstrong.

*I
have ever
Pm*

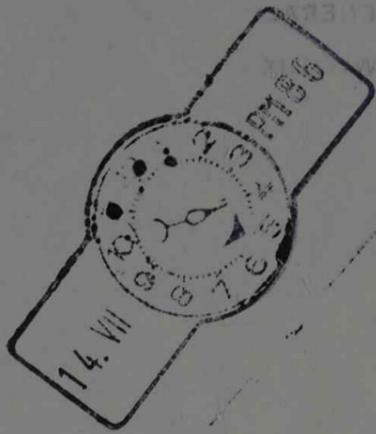
PETER BROOKE



Sport: Commonwealth Games
August 1985.







OFFICE OF THE COMMISSIONER GENERAL OF LANDS AND INLAND REVENUE
MARLBOROUGH HOUSE, PATENT PALACE, LONDON, E.C. 4.

ZCZC
HPLNAN 0739 NDHPAN 1951
CONFIDENTIAL
OO FCOLN
PP OTTAW
FM NEDEL TO FCOLN
141330Z JUL
GRS 350

ADVANCE COPY

IMMEDIATE

X-4

(H) / (CR)
(H) / SAID
(H) / NEWS DEPT
Mn BARRINGTON
RC

XX

CONFIDENTIAL
FM NEW DELHI
TO IMMEDIATE FCO
TELNO 950
OF 1413³02 JULY 86
INFO PRIORITY OTTOWA, CANBERRA, HARARE
INFO ROUTINE DHAKA

See 3 PM
am

YOUR TELNO 157 TO ACCRA : COMMONWEALTH GAMES : INDIAN POSITION

SUMMARY

1. MEA HAVE NOT YET TAKEN A DECISION, BUT SAY THEY WOULD FIND IT DIFFICULT TO REFUSE AN AFRICAN REQUEST TO BOYCOTT THE GAMES. OUR CANADIAN AND AUSTRALIAN COLLEAGUES SHARE OUR IMPRESSION THAT INDIA DOES NOT (NOT) WANT TO PULL OUT. THE TEAM'S DEPARTURE HAS, HOWEVER, BEEN DELAYED UNTIL THE OUTCOME OF AN 18 JULY MEETING IN HARARE IS KNOWN.

DETAIL

2. SHAHRIA (DEPUTY HEAD OF AFRICA DIVISION, MEA) WITH WHOM WE CARRIED OUT YOUR INSTRUCTIONS AS HEAD OF DIVISION WAS NOT AVAILABLE, AND SECRETARY (DUS) IS AWAY. TOLD US THERE IS A GENERAL BELIEF IN INDIAN OFFICIAL CIRCLES THAT THE PROCESS OF "COMMONWEALTH DISINTEGRATION" SHOULD STOP. ALTHOUGH DEVELOPMENTS WITHIN SOUTH AFRICA WERE DISASTROUS, "LET'S NOT ADD TO IT". HE HAD SEEN THE TEXT OF MR KINNOCK'S LETTER TO THE INDIAN HIGH COMMISSIONER (YOUR TELNO 249 TO NAIROBI), AND COMMENTED THAT THE POINTS HE MADE WERE "VERY VALID". HOWEVER SHAHRIA SAID THAT INDIA WOULD FIND IT DIFFICULT TO REFUSE IF THE AFRICANS ASKED HER TO BOYCOTT THE GAMES. THEY HAD AS YET NOT DONE SO.

THEY HAD AS YET NOT DONE SO.

3. THERE HAS BEEN PRACTICALLY NO DEBATE IN THE INDIAN PRESS ABOUT WHETHER INDIA SHOULD BOYCOTT. THE PRESS HAVE PROMINENTLY REPORTED RECEPTIONS GIVEN FOR THE INDIAN TEAM BY PRESIDENT ZAIL SINGH AND OTHERS. ONE PAPER COMMENTED THAT INDIA HAS TRADITIONALLY AVOIDED SPORTS BOYCOTTS.

4. THE INDIAN OLYMPIC ASSOCIATION HAS, HOWEVER, TODAY TOLD THE FEDERATION OF INDIAN ATHLETES THAT THEY SHOULD DELAY THE DEPARTURE OF THE INDIAN CONTINGENT. THE OFFICIAL MEA SPOKESMAN TOLD THE BBC (TULLY) THIS EVENING THAT INDIA SHARED THE INDIGNATION FELT BY AFRICAN COUNTRIES. HE SAID THAT A FINAL DECISION ON INDIAN PARTICIPATION WOULD BE TAKEN AFTER A MEETING OF AFRICAN COUNTRIES IN HARARE ON 18 JULY, WHEN A COLLECTIVE AFRICAN DECISION IS EXPECTED.

COMMENT

5. WE HAVE BEEN KEEPING IN CLOSE TOUCH WITH OUR AUSTRALIAN AND CANADIAN COLLEAGUES (THE AUSTRALIANS ARE PROVIDING COACHING FOR THE INDIAN TEAM). BOTH HAVE SO FAR SHARED OUR ASSESSMENT THAT THE INDIANS WISHED TO ATTEND THE GAMES. BUT IF THE AFRICANS DO DECIDE ON A COLLECTIVE BOYCOTT, THERE IS EVERY LIKLIHOOD THAT INDIA WILL JOIN THEM.

6. OVER THE NEXT FEW DAYS I WILL SEEK OPPORTUNITIES TO REINFORCE AT HIGHER LEVELS THE APPROACH WE HAVE ALREADY MADE. YOU MAY WISH TO SPEAK TO ALEXANDER.

BROOMFIELD

GRS 220

UNCLASSIFIED

FM LAGOS

TO DESKBY 091400Z FCO

TELNO 589

OF 091135Z JULY 86

INFO IMMEDIATE LUSAKA, HARARE, DAR-ES-SALAAM, ACCRA

INFO IMMEDIATE BANJUL, FREETOWN

COMMONWEALTH GAMES

SUMMARY

1. NIGERIA REPORTEDLY PULLS OUT OF COMMONWEALTH GAMES.

DETAIL

2. GUARDIAN THIS MORNING CARRIED REPORT FROM 'GOVERNMENT SOURCES' THAT NIGERIA WILL BOYCOTT FORTHCOMING COMMONWEALTH GAMES AS FIRST STEP IN A PACKAGE OF MEASURES TO PROTEST AT BRITAIN'S POLICY TOWARDS SIMFH AFRICA AND ZOLA BUDD'S MEMBERSHIP OF THE BRITISH TEAM. ACRODING TO THE REPORT WITHDRAWAL WAS ORDERED BY PRESIDENT BABANRIDA. REPORT SPECULATES THAT ZAMBIA, ZIMBABWE, TANZANIA, GHANA, GAMBIA AND SIERRA)3ONE MAY BE CONSIDERING SIMILAR ACTION.

3. REUTERS HAVE TOLD US THAT REPORT WAS CONFIRMED THIS MORNING BY GOVERNMENT PRESS BPOKESMAN, ALTHOUGH WE HAVE NOT RECEIVED ANY OFFICIAL NOTIFICATION OF THE DECISION. BRITISH DESK OFFICER IN THE MEA WAS UNAWARE OF IT WHEN WE SPOKE TO HIM TODAY.

4. IN ANSWER TO PRESS ENQUIRIES WE PROPOSE TO SAY THAT WE HAVE NOT RECEIVED ANY OFFICIAL NOTIFICATION OF NIGERIA'S DECISION BUT THAT WE WOULD BE VERY DISAPPOINTED IF NIGERIA OR ANY OOTHER COUNTRY WERE TO WITHDRAW FROM THE GAMES.

EWANS

LIMITED

CRD

WAD

SJFD

CCD

NEWS D

INFO D

PLANNING STAFF

PS

PS/MR EGGER

PS/MRS CHAULER

PS/PUS

MR BARRINGTON

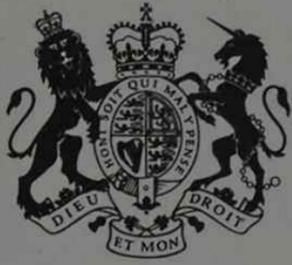
MR FERLUSON

MR REVE .

COPIES TO :

ASSESSMENT STAFF,
CABINET OFFICE

(2)



10 DOWNING STREET

Prime Minister ^{has} _{seen}

Withdrawal from

Commonwealth Games

These are the

instructions which the

FCO are sending out

to Commonwealth posts

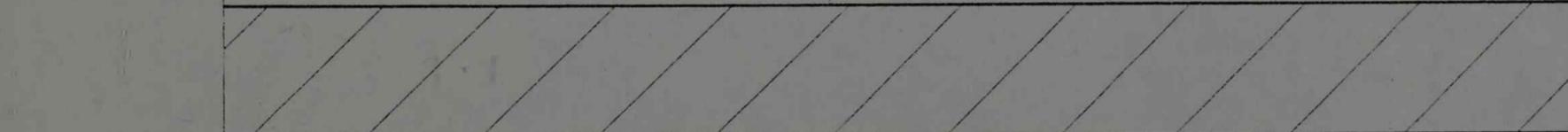
tonight.

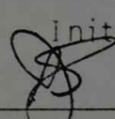
CDD
9/7

OUT TELEGRAM

	Classification CONFIDENTIAL	Caveat	Precedence IMMEDIATE
--	---------------------------------------	--------	--------------------------------

ZCZC TC CAVEAT FM TO TELNO OF AND TO	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29	<p>ZCZC</p> <p>CONFIDENTIAL</p> <p>FM FCO</p> <p>TO IMMEDIATE ACCRA</p> <p>TELNO</p> <p>OF</p> <p>AND TO IMMEDIATE ALL COMMONWEALTH MISSIONS</p> <p>COMMONWEALTH GAMES: WITHDRAWAL OF GHANA AND NIGERIA</p> <p>1. Ghana has formally notified us that it is withdrawing from the Commonwealth Games, scheduled to be opened by the Duke of Edinburgh on 24 July and closed by HM The Queen on 2 August. Nigeria is reported to have taken a similar decision, although we have no confirmation. The Government of Ghana have said that their withdrawal is in protest at the British Government's quote implacable opposition unquote to effective action against apartheid in South Africa. The Nigerian complaint, according to press reports, refers in addition to the inclusion in the British team of Zola Budd.</p> <p>2. In response to press enquiries, we are saying that we would regret any move by Commonwealth countries to withdraw from the games.</p> <p>3. We shall also add unattributably that, in our view, a boycott of the games would be an ill-conceived gesture at an ill-chosen</p>
---	---	---



YYY MAIN ADDITIONAL NNNN	Catchword: moment	
File number Dept MRS CHALKER	Drafted by (Block capitals) R J SAWERS	Telephone no 233 7809
Authorised for despatch by:	Initials 	Date/time 9/7 1940
For COD use only	Comcen reference	Telegram number Processed by

OUT TELEGRAM (CONT)

	Classification CONFIDENTIAL	Caveat	Precedence
<<<<	1 <<<<		
	2 moment. It could help nobody and would hurt only the athletes		
	3 affected by it, their fellow sportsmen and the games loving		
	4 public throughout the Commonwealth.		
	5		
	6 4. In addition to using this line in response to local press		
	7 enquiries, you should seek an early opportunity to put across our		
	8 views to your host governments at an appropriately high official		
	9 level. We must leave it to your judgement how strongly to put		
	10 the case. We do not want to appear to be over reacting.		
	11		
	12 5. If asked about the participation of South African born		
	13 athletes, you should say that decisions on the participation of		
	14 Zola Budd and Annette Cowley in the British team will be taken by		
	15 the Commonwealth Games Federation on or before 17 July.		
	16		
	17 6. We should be grateful for reports of local reactions and		
	18 whether any further action by us, such as a message from the		
	19 Secretary of State, would be useful in helping to limit any		
	20 bandwagon effect. If appropriate you should urge your host		
	21 government to take a similar line in public to HMG's and to bring		
	22 their influence to bear on other Commonwealth governments.		
	23		
	24 7. Lagos. Please take similar action unless Nigerian withdrawal		
	25 is confirmed.		
	26		
	27 8. Accra. Assuming the Ghanaian decision is firm it may be		
	28 counter productive to try and change it. Further instructions		
	29 follow.		
	30		
	31 9. Harare. Please ensure the Secretary of State's party is		
	32 informed.		
	33		
	34		
	HOWE		
//			
/			
For distribution order see Page	Catchword: YYYY		

XY 48A (REV)

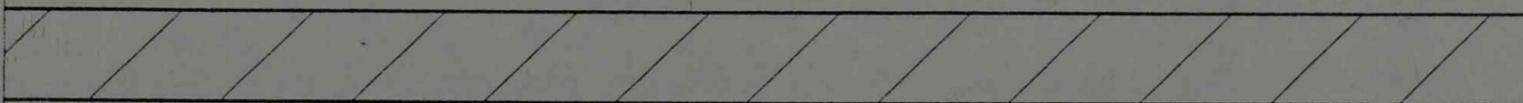
OUT TELEGRAM (CONT)

	Classification CONFIDENTIAL	Caveat	Precedence IMMEDIATE
--	---------------------------------------	--------	--------------------------------

<<<<

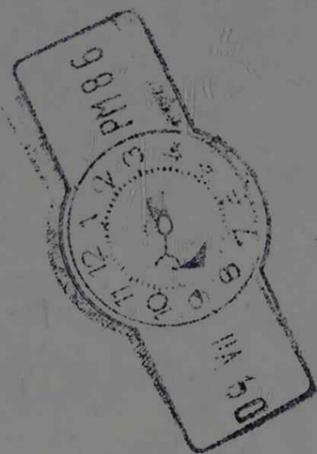
1	<<<<
2	
3	YYYY
4	MAIN
5	FCO GENERAL
6	CRD
7	
8	ADDITIONAL
9	PS/MR RIFKIND,
10	SCOTTISH OFFICE
11	PS/MR RIDLEY, DOE
12	PS/MR TRACEY, DOE
13	PS/MR EDWARDS, WELSH
14	OFFICE
15	PS/MR KING, NIO
16	PS/MR LUCE, OAL
17	WARWICK SMITH, DOE
18	
19	NNNN
20	
21	
22	
23	
24	
25	
26	
27	
28	
29	
30	
31	
32	
33	
34	

///
//
/



For distribution order see Page	Catchword:
---------------------------------	------------

XY 48A (REV)



XIII Commonwealth Games Scotland 1986 Canning House, 19 Canning Street, Edinburgh EH3 8TH
Telephone 031-248 1986 Telex No. 727206 GAMES G



BOX

KWB/EJI

21st March, 1986

The Rt. Hon. Mrs. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
LONDON.

Dear Prime Minister,

224/3

I am writing to express my own personal appreciation and also that of the XIII Commonwealth Games Organising Committee for the very splendid evening hosted by yourself at No. 10 on Monday evening.

It was a very memorable occasion for us all and one which we will all treasure.

It is a great privilege to be involved in the organisation of the Commonwealth Games and the fact that the Games Organisation has been recognised by your goodself as Prime Minister is very gratifying and encouraging.

The strengthening of the bonds throughout the Commonwealth is one of the main purposes for the continuation of the Games and having the accolade of being recognised by the Prime Minister is very significant indeed.

We look forward to a very successful Games this year in the knowledge that you will be with us in person.

With sincere thanks and kind regards.

Yours sincerely,

KENNETH W. BORTHWICK, C.B.E.,
Chairman.

ms



cc SO.

10 DOWNING STREET

From the Private Secretary

4 October 1985

I am sorry that it has taken so long to reply to your letter of 19 August to the Prime Minister with which you enclosed a progress report on the preparations for the 1986 Commonwealth Games. Mrs. Thatcher was interested to read your report and was grateful to be kept informed of the very considerable amount of work which is being done. She will be grateful if you would convey to the committees and staff of the Games organisation, her appreciation for the work that they are performing for the Commonwealth. The importance of this work is all the more apparent with the Commonwealth Heads of Governments Meeting in the next fortnight. Mrs. Thatcher hopes that you will continue to keep her in touch with developments and in this context she is delighted that you are working so closely with the Secretary of State for Scotland.

(Timothy Flesher)

Kenneth Borthwick, Esq., C.B.E., D.L., O.St.J. J.P.

SM.



10 DOWNING STREET

From the Private Secretary

4 October 1985

The Prime Minister has seen your Secretary of State's minute of 3 October about the Commonwealth Games. She was grateful for this account of where preparations for the Games now stand and has noted that following the Commonwealth Heads of Government Meeting Mr. Younger will forward further proposals for associating the Government with the Games.

I am copying this letter to Peter Ricketts (Foreign and Commonwealth Office), Robin Young (Department of the Environment), John Mogg (Department of Trade and Industry) and Michael Stark (Cabinet Office).

(Timothy Flesher)

John Graham, Esq.,
Scottish Office.

BM

SCAD
1



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Prime Minister:

PRIME MINISTER

Mr Younger is not
proposing that you should
be involved in the Commonwealth
Games preparations at this stage
although hopes for a donation/reception
to contribute later on. Agree to
reply to Mr Borthwick as proposed

I think it would be better to have been
clearer in mind a few weeks
ago. -
JES

4/10

COMMONWEALTH GAMES

I have been considering very carefully how you might respond to the approach you have received from Mr Kenneth Borthwick, the Chairman of the XIII Commonwealth Games organisation, about which your Private Secretary consulted mine over a month ago. I am sorry about the delay in forming a view. I have of course already had cause to consult you about our relations with the Games organisers in my minute of 1 August. These relations require careful handling. There is the added complication - to which your office drew our attention - of the need to act consistently as between next year's Commonwealth Games and Birmingham's bid for the 1992 Olympics. We also do not know what kind of handling the Games will be given at the Commonwealth Heads of Government meeting later this month.

Mr Borthwick's approach is ostensibly no more than a courteous offer of briefing. Lying behind it however are his earlier attempts to persuade you to visit his headquarters in Edinburgh and his continuing concern about funding. I do not think that you need seriously consider a meeting with Mr Borthwick to discuss his report. We know perfectly well what issues he wants to discuss from the meeting he had with

me in July. A special visit to Edinburgh to see the Games headquarters could be useful as a public gesture of support which would be seen as such by a wide public, including potential sponsors. A gesture of this kind could well be valuable: indeed my Permanent Secretary is in touch with Sir Antony Acland about how it might best be achieved. The difficulty with a special visit to Games headquarters, however, is that it would put you to the inconvenience of a time-consuming visit to Scotland. I would prefer therefore to consider other options, leaving the possibility of a headquarters visit over for your programme in Scotland next May when it would be popular with our supporters and come at a good time for associating ourselves with what by then will no doubt be rising public excitement.

The most pressing need is to give the organisers some unobtrusive but practical help with their problems over fund-raising. One way of doing this might be to look again at the idea which I put to you in August of offering hospitality to a carefully selected group of potential major sponsors. A small party at No 10 or at Chequers would help the organisers with their difficulties over making good contacts at boardroom level. It would avoid the difficulty - which arose with the earlier idea of writing individual letters of introduction - that we might appear to be intruding on what should be the organisers own responsibilities. An informal event of this kind would also give appropriate expression to the carefully balanced attitude which you have told Mr Howell you would wish to adopt in relation to becoming a Patron of Birmingham's bid for the 1992 Olympics.

Now is not a good time to consider a gesture of support for the Games because of the uncertainties associated with the Commonwealth Heads of Government meeting. I would hope, however, that once the meeting is over you might be prepared to look at the idea afresh. We would be able to concert a guest list with the organisers once you have decided whether or not to fit an event of this kind into your programme. In

principle it might be based on the list I sent you in August, revised as necessary to suit the occasion and possibly leavened with some of the existing major sponsors of the Games. In the meantime I would suggest that you need do no more than send Mr Borthwick a polite acknowledgement of his letter through your Private Secretary. A possible draft is attached.

I am sending copies of this minute to Geoffrey Howe, Kenneth Baker, Leon Brittan and Sir Robert Armstrong.

G.Y.

G.Y.

DRAFT LETTER FOR PS/PRIME MINISTER TO SEND TO:

K W Borthwick Esq CBE DL OStJ JP
Chairman
XIII Commonwealth Games Scotland 1986
Canning House
19 Canning Street
EDINBURGH
EH3 8TH

I am so sorry about the delay in replying to your letter of 19 August to the Prime Minister, in which you enclosed a progress report on the preparations for the 1986 Commonwealth Games. Mrs Thatcher has asked me to thank you warmly for keeping her informed.

The Prime Minister was interested to read your report. She would be grateful if you would convey to the committees and staff of the Games organisation her appreciation for the work that they are performing for the Commonwealth, together with her best wishes.



10 DOWNING STREET

From the Private Secretary

22 August 1985

I enclose a copy of a letter from Mr. Kenneth Borthwick, Chairman of the 13th Commonwealth Games, to the Prime Minister updating her on the progress being made with the arrangements for the Games. Mr. Borthwick rang me last week to say he would be glad of a chance to report to the Prime Minister personally; I explained that diary considerations meant such a meeting would be very difficult indeed to fit in for some time, and Mr. Borthwick undertook to write instead. I should be grateful for a draft reply the Prime Minister might send Mr. Borthwick.

You may remember that, back in May, we indicated to Mr. Borthwick that we would get in touch with him in due course about the possibility of the Prime Minister visiting the Games headquarters. I think we should continue to leave that possibility open for the moment, and that we should not refer to it in the reply.

(Mark Addison)

John Graham, Esq.,
Scottish Office



FILE

207

10 DOWNING STREET

From the Private Secretary

20 August, 1985

I am writing on behalf of the Prime Minister to thank you for your letter of 19 August. Your letter is receiving attention and a reply will be sent to you as soon as possible.

(Caroline Ryder)

K.W. Borthwick, Esq., CBE, DL, OStJ, JP.

SKW

R20



XIII COMMONWEALTH GAMES
SCOTLAND 1986

KWB/EJI

19th August, 1985

Rt. Hon. Mrs. M. Thatcher, P.C., M.P.,
Prime Minister,
10 Downing Street,
LONDON.

Dear *Prime Minister,*

Because we are now in our final year of preparation for the Commonwealth Games to be held here in 1986, I feel it is appropriate to provide you with information as to the stage we have now reached.

The best way to do so is to put before you a report. This shows the breadth of the undertaking and the wide range of responsibility.

It is impossible, however, to show the degree of loyalty those involved have for the task in hand or the immense enthusiasm they have for the Commonwealth. Although "Games" is the key what it opens up is the concept of closer Commonwealth unity.

I would wish you to know, therefore, the part we are playing in strengthening the ties among so many Commonwealth countries.

I would hope that the accompanying report would go some way to demonstrate this.

It may be possible at some time in the future that I and my Chief Executive could have the opportunity of calling upon you to further inform you of the Games Organisation's progress.

The Secretary of State for Scotland, Mr. George Younger, is of course au fait with our planning and is most sympathetic to our mission. I know that my Executive Committee is most appreciative of Government interest and I look forward to your esteemed personal interest.

With kind regards.

Yours sincerely,

K W Borthwick

KENNETH W. BORTHWICK, C.B.E.,
Chairman.

Enc.

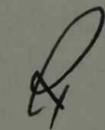
*W.F.H. to see.
2. p.m.*

Ref. A085/2136

MR FLESHER

_____ I have seen a copy of the minute which the Secretary of State for Scotland sent to the Prime Minister on 1 August about the prospects for the Commonwealth Games in Edinburgh next year.

2. I have some reservations about the Prime Minister leading a fund-raising campaign and sending the kind of "begging letter" proposed by the Secretary of State. It seems to me that it would be better if the organisers (or conceivably the Secretary of State himself) approached potential sponsors in the first instance. That approach could perhaps be followed up with a rather shorter letter from the Prime Minister, of a more general nature, about the value of the Games. Such a letter might be on the lines of the draft attached. But I was relieved to see (your letter of 8 August) that she prefers not to get involved at all: I am sure that that would be best.


Approved by
ROBERT ARMSTRONG
and signed in his absence.

12 August 1985

DRAFT LETTER FROM THE PRIME MINISTER

I gather that you have been approached by the Chairman of the Organising Committee for the Commonwealth Games in Edinburgh next year about the possibility of your company providing sponsorship for the Games and becoming involved in the marketing opportunities which the Games have to offer.

Next to the Olympics, the Commonwealth Games are the most important fixture in the international sporting calendar. They have been free of many of the political problems which have dogged the Olympics; they have always demonstrated a high degree of sporting achievement and sportsmanship; and they are a valuable demonstration of the reality of the Commonwealth in action. And, of course, quite apart from the competitors and supporters who come to them from over 40 Commonwealth countries all round the world, they can be expected to reach some 500 million television viewers.

This is the first time that the organisers of the Commonwealth Games have looked for sponsorship as their main source of income. I hope very much that you and your company will be able to think seriously about the approach which the Chairman of the Organising Committee has made to you: the success of the Games could depend upon it.



10 DOWNING STREET

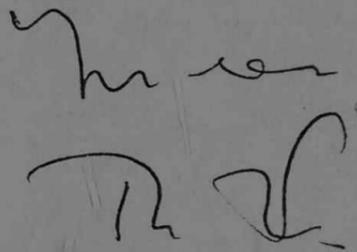
From the Private Secretary

8 August 1985

Dear John,

The Prime Minister has now seen your Secretary of State's minute of 1 August about the Commonwealth Games. She recognises the need for the organisers to attract more private sponsorship for the Games but does not think it appropriate for the Prime Minister to write letters to industrialists seeking such assistance. In her view this must come from the organisers themselves. In this context she believes that the Government will have to tread extremely carefully, especially now that Birmingham's bid for the 1992 Olympics has been entered.

I am sending copies of this to Peter Ricketts (Foreign and Commonwealth Office), Alan Davis (Department of the Environment), John Mogg (Department of Trade and Industry) and Richard Hatfield (Cabinet Office).


Tim Flesher

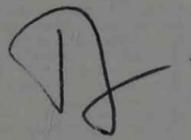
John Graham Esq
Scottish Office.

- 2 -

This does not mean to say that the Government should remain neutral: indeed, as with the Olympics we cannot afford to seem to be indifferent. But it does suggest that George Younger rather than yourself should take the initiative.

There are also implications for the Olympic Games here. If you do this for the Commonwealth Games, you will have to do so several times over for the Olympics if Birmingham's bid were successful.

Do you agree to suggest that George Younger should write the letters which he suggests while at the same time making clear your willingness to help in another way, e.g. by holding some form of reception?



(Tim Fleisher)

I am not going to
sign letters asking for money.

The organisers must do that.

With the Birmingham bid for the

Olympics coming up, I must not take

the lead in this one. However - I doubt

whether Birmingham is the right place

since the behaviour at the last athletics

meeting.

DCAATM

970

ccrk (1)



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

1 August 1985

Time limit
Agree to write as
proposed?
CDP 2/10

PRIME MINISTER

COMMONWEALTH GAMES

Like you I have been taking a close interest in prospects for the Commonwealth Games in July next year. The Government is not involved financially although our support was crucial to the success of Edinburgh's bid to act as host city. I was, therefore, concerned when the Chairman of the organisers called on me last week to seek Government help in obtaining sponsorship. There is no crisis; indeed most sponsors tend not to come forward until the last 8 months before an event of this kind takes place. But of the £12 million or so needed to mount the Games only about £4 million is at present in prospect; and the organisers believe that now is the right moment for a major effort.

In discussing how Government could help we came to the conclusion that what was most needed was a top level approach designed to open board room doors of a carefully selected group of major companies. Middle management, seeing all the controversy which surrounds these Games, is reluctant to recommend any major commitment. At the top level it should be more obvious that controversy has become an inseperable part of the international sporting scene - and may, indeed, be something of an index of the importance of the event concerned. While I do not minimise the vulnerability of the Commonwealth Games to political pressures such as those related to South Africa, I see no reason to hedge our bets. The great public interest and support which the Games have always attracted should see them through.

I am sure you would agree that it would be entirely proper for us to help the organisers in the way they ask. It would be consistent with our encouragement of sponsorship in other fields. Timing would be excellent. With just a year to go it is not too soon to approach senior industrialists. On the other hand there would be no suggestion of last minute panic. To be really effective I would hope the approach might come from you. This would carry enormous weight and in itself demonstrate Government commitment. The organisers and their financial advisers have provided

us with the enclosed list of the companies which, in the light of the work they have already done, they hope you would be prepared to approach. If you agree, you might wish to use the enclosed draft letter. It is phrased in fairly broad terms, as I am sure we should avoid appearing to ask for favours. Its purpose is simply to give the organisers an introduction. The rest would be up to them.

In the Autumn, when we have had an opportunity to take stock of this initiative, I hope you may be prepared to consider offering hospitality to a selected group of individuals from whom major sponsorship has either been obtained or could be in serious prospect. This might be just the catalyst that the fund raisers require. However we would need to look at the position in the light of developments meanwhile.

I am sending copies of this letter to Geoffrey Howe, Patrick Jenkin, Norman Tebbit and to Sir Robert Armstrong. I hope they too will bear in mind the possibility of dropping the occasional word about the Games in the ear of potential sponsors.

G.Y.

G.Y.

DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO

Chairman/Chief Executives on Distribution List

I have been enquiring about progress on the Commonwealth Games, which are to be held in Edinburgh in July next year. All the general arrangements are on course but I understand that the Organising Committee are experiencing some reluctance now at a key stage in their efforts to encourage Industry and Commerce to become involved in the marketing opportunities which the Games have to offer.

This is the first time that the organisers of the Commonwealth Games are looking for sponsorship as their main source of income: indeed the Government's support for a British bid to play host to the event was given only on this understanding. The run-up to the Games has already been the subject of some controversy. Inevitably the novelty of the approach have made potential sponsors cautious. Uncertainties of this kind are, however, perhaps a sign of the importance of the fixture concerned - and, next to the Olympics, the Commonwealth Games are the most important fixture in the international sporting calendar. The Government and the organisers are confident that the Games will take place and take place successfully. From the point of view of potential sponsors the crucial fact is the immense audience which the Games will reach: some 500 million TV viewers can be expected world-wide.

As the opportunities involved in the Games become more imminent there will no doubt be a quickening of commercial interest. The opportunities are, however, there to be grasped already. It would help the organisers enormously if top management could take a personal stock of their own interest now. The Chairman of the Games Organising Committee, Mr Kenneth W Borthwick, CBE, intends to approach you before the end of September in the hope of bringing matters to a head. May I ask you to respond by being prepared to give him and the Commonwealth Games twenty minutes of your time? I am sure you will find it well worth your while.

Blue Circle Industries
Portland House
Stag Place
London SW1E 5BJ

Chairman: J D Milne Esq

Bowater Corp plc
Bowater House
Knightsbridge
London
SW1X 7LR

Chairman: A I Lenton Esq PhD

British Aerospace
100 Pall Mall
London SW1Y 5HR

Chairman: Sir Austin Pearce CBE PhD

Distillers Co plc
Distillers House
21 St James Square
LONDON SW1Y 4JF

Chairman: J M Connell Esq

Pilkington Brothers plc
Prescot Road
St Helens
Merseyside
WA10 3TT

Chairman: A R Pilkington

General Electric Co
1 Stanhope Gate
London W1A 1EH

Chairman: Rt Hon James Prior MP

Ford Motor Company Ltd
Eagle Way
Brentwood
Essex CM13 3BW

Chairman: Sam Toy Esq

British Petroleum Co plc
Britannic House
Moor Lane
LONDON EC2Y 9BU

Chairman: Sir Peter Walters

Hanson Trust plc
180 Brompton Road
London SW3 1HF

Chairman: Lord Hanson

Thorn EMI plc
Thorn EMI House
Upper St Martins Lane
London WC2H 9ED

Chairman: Sir Graham Wilkins

Imperial Chemical Industries
Imperial Chemical House
Millbank
London SW1P 3JF

Chairman: Sir John Harvey-Jones MBE

United Biscuits
Grant House
PO Box 40
Syon Lane
Isleworth
Middlesex
TW7 5NN

Chairman: Sir Hector Laing

Marks & Spencer plc
Michael House
37-67 Baker Street
London W1A 1DN

Chairman: Lord Rayner

Great Universal Stores plc
PO Box 1BZ
Universal House
251-256 Tottenham Court Road
London
W1A 1BZ

Chairman: Sir Isaac Wolfson FRS

Sears Holdings plc
40 Duke Street
LONDON
W1A 2HP

Chairman: G Maitland Smith Esq

Ranks Hovis McDougall plc
RHM Centre PO Box 178
Alma Road Windsor
Berkshire SL4 39ST

Chairman: P W J Reynolds Esq CBE

British Gas Corporation
River Mill House
152 Grosvenor Road
LONDON SW1V 3JV

Chairman: Sir Denis Rooke CBE FRS
FEng

Shell UK Ltd
Shell Mex House
Strand
LONDON WC2R ODX

Chairman: R P Reid Esq

Esso UK plc
Esso House
Victoria St
LONDON SW1E 5JW

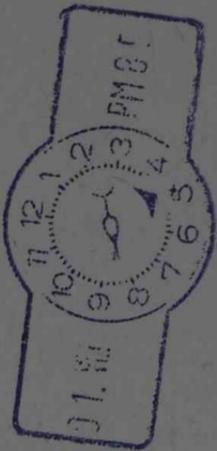
Chairman: A W Forster FEng

British Airways
Speedbird House
Heathrow Airport
LONDON TW6 2JA

Chairman: Lord King of Wartnaby

Racal Electronics plc
Western Road
Bracknell
Berkshire RG12 1RG

Chairman: Sir Ernest Harrison OBE



Faint, illegible text covering the majority of the page, appearing to be a document or letter with very light ink.

