

Part 4

Confidential filing

Radcliffe report on Ministerial Memoirs

MEMOIRS

Policy on Ministerial Memoirs

Pt 1 : Aug 1979

CLOSED

Pt 4 : June 1993

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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PART

CLOSED



10 DOWNING STREET
LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBIN BUTLER

LORD HOWE'S MEMOIRS

The Prime Minister was grateful for your minute of 27 June which he discussed with you at your bilateral this morning. The Prime Minister said you had his support in the approach you planned to adopt with Lord Howe, in particular to remove the references to named officials.

ALEX ALLAN

4 July 1994

H



10 DOWNING STREET

Prime Minister

I would leave Robin to sort this out with Geoffrey. Several different issues:

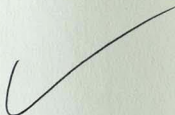
- (1) criticisms of Bernard Ingham & Charles Powell - they are perfectly capable of rebutting any criticisms: they appear on TV/radio/press more than Geoffrey does
- (2) minor references to Scholar/Kerr etc. Surely Robin can persuade Geoffrey to take these out?
- (3) quotes from Cabinet minutes etc.
Leave to Robin to negotiate.

ALG



Ref: A094/1863

PRIME MINISTER



Lord Howe's Memoirs

I reported to you previously that Lord Howe had submitted his memoirs for comment under the Radcliffe principles.

2. I asked Lord Howe to make a number of amendments where he was clearly in breach of the Radcliffe principles. Most of these were incidental references to advice from named officials, quotations from Cabinet minutes, references to Cabinet committees (which Lady Thatcher has not agreed to publishing for the period of her government): these could have been easily removed without cost to the theme of Lord Howe's book. A more substantial difficulty was criticism of the role of Charles Powell and Bernard Ingham, which Lord Howe clearly thinks was a crucial symptom of the malaise of the latter part of the Thatcher administration, but which go clearly against the Radcliffe rule that former Ministers should not criticise former officials.

3. Lord Howe's response has generally been uncompromising, both about details and about the more important point mentioned above. He justifies what he has included on the grounds either that it is central to his theme, or that the transgressions are trivial or that they merely reflect accounts by previous writers. As I --- have said to him in a letter (copy attached), these reasons are not conclusive. The first - that the transgressions are trivial - cuts both ways: it would not cost him much to observe the rules. The second - that the points are central to his theme - clearly does not justify major transgressions: that will merely encourage others to do likewise. The third - that his account reflects those given by others - may up to a point be a justification, but it shows how breaches in these conventions are cumulative.



4. The Radcliffe rules say that, where comments are made under the heading of national security or damage to international relations and you endorse them, the author should normally accept them. The third category - breaches of confidential relationships - are points where, if you endorse the comments I have made, authors are asked to give weight to that but in the end the decision is for them.

5. I am now going through Lord Howe's rejoinders in detail. I am due to have lunch with him on Monday 4 July to go through these comments in detail. Where Departments have valid objections on grounds of national security or international relations I will press him hard on them. A more difficult --- category is confidential relationships. I attach examples of the passages which break the rules under this heading. Before I meet Lord Howe, I would like to have a word with you at our next bilateral about how hard you would like me to press Lord Howe to exclude the sort of passages attached below.

F.E.R.B.

ROBIN BUTLER

27 June 1994



CABINET OFFICE

70 Whitehall, London SW1A 2AS

Telephone 071-270 0101 Facsimile 071-270 0208

From the Secretary of the Cabinet and Head of the Home Civil Service
Sir Robin Butler GCB CVO

Ref: A094/1864

27 June 1994

Dear Geoffrey,

Your Memoirs

Thank you for your letter of 22 June and your comments on mine.

I am surprised and disappointed that you have been so uncompromising. I am having your comments examined in detail and will be ready to deal with them individually when we meet. But, so that you could think about it beforehand, I thought that I would put to you the general arguments for asking you to be more compliant with the Radcliffe principles.

The first point is that it would not cost you very much. With the exception of one or two passages relating to Ingham and Powell, the exclusions I have asked you to make are not central to the theme of your book. I really cannot believe that it matters to the reader that Cabinet minutes are quoted, advice is attributed to obscure officials and that people like Lankester and Scholar should appear in your pages.

The second argument is to rehearse with you why it is still the policy of the Government to ask former Ministers to observe the Radcliffe principles. (This was reviewed last year, following the Lawson and Thatcher memoirs.) As you say, there have been departures from them, and the departures are cumulative. By this I mean that each author cites a predecessor as a justification for his or her departing from the rules and each goes a bit further. I think you will see that if all former Ministers felt it right to disclose freely the advice they had been given by their officials, and to comment on and criticise those officials, a good deal of (further) damage could be done to our system of government. If you do so, even in a mild way, what am I to say to Powell or Ingham, or even Cradock, Kerr, Scholar or Lankester when they want to follow suit, in more damaging form? I have so far managed to restrain officials (more or less) but, if you do what you are proposing, it will make it a good deal harder in the future.

/The third

The Rt Hon The Lord Howe of Aberavon PC QC
House of Lords
LONDON
SW1A 0AA

The third argument is that you do in fact go further than your predecessors, particularly in naming and commenting on officials. I persuaded Nigel Lawson to take out a good many references to individual officials, particularly for example the role of Kerr in the lead up to the Madrid Summit. Many (but not all) of your references are anodyne, often complimentary, but that is not the point: they are a precedent for references by subsequent authors which will not be anodyne.

May I ask you to reflect on these points before we meet.

Yours ever,

Robin

necessary mission impossible". He went on to share my sense of "frustration over how we and you are seen mistakenly as friends of apartheid. How", he asked, "can we break out of this box? Elevating our dialogue with the ANC may prove to be a positive first step in this direction". George Shultz was already well ahead of Margaret Thatcher on this point. More and more often I found that we were thinking along similar lines.

Divisions with Number 10

Led by Margaret Thatcher the Cabinet recorded its thanks for "the dignified and persuasive way" in which I had conducted my mission, their "deep dismay" at P.W. Botha's "discourtesy" towards me and re-affirmed their support for policy conducted in recent months (note the Delphic skill of the minute writer here!) "by the Prime Minister and the Foreign and Commonwealth Secretary" on the question of South Africa. More specifically, we were specifically instructed how to proceed at the Commonwealth meeting that was due to start in a couple of days. We should "not stand out against measures already identified by the European Community", if at the end of the three month period allowed for my mission other EC members wished to impose them: these were bans on the import of iron, steel, coal and gold coins - and the imposition of a voluntary ban on further fresh investment. Any such measures were to be prescribed not as "designed to promote progress" but as "a signal of disapproval". On that basis we were, I thought, firmly in the position for which I had been working

consistently. Inevitably, both CHOGM and the EC would conclude that, for the time being at least, diplomacy had reached the end of the road. We now had Cabinet approval of a group of further measures which we were ready, if that was agreed, to put in place in step with our European partners in a few weeks time; and we could share with our Commonwealth colleagues that reasonably "positive" view of Britain's likely position. If, as seemed likely, they wished to go further, they could at least be re-assured that Britain would go along with ("not stand out against") the European Community in further significant measures. The way looked clear - for a change - to a reasonably good-tempered Commonwealth occasion. But I had reckoned without Margaret Thatcher's reputed yearning for conflict - and Bernard Ingham's enthusiasm for the same kind of fireworks.

For by the time I got back to my office at the end of the morning it was clear that the press had received from number Ten a quite different picture of the Cabinet's conclusions. Their briefing had started indeed at 8.am that morning - an hour before any ministerial meeting - when the Evening Standard was told by Bernard Ingham of a "unanimous Cabinet decision to back the Government's policy on sanctions". The Government, it was later very clearly explained, was "not in the business of further sanctions" beyond the 13 already in place. This line - intended no doubt to preserve the impression that the Prime Minister had once again "won the day" - was very far removed from the deliberately open position that had been endorsed by the

Cabinet. It was small wonder that Fleet Street was soon buzzing with false reports - we were never able to trace these definitively - that I was on the point of resignation. This sharply conflicting press briefing was fully reported by The Scotsman on the following day (August 1, 1986). The Foreign Office and Number Ten, said that paper's leader-writer, could not both be right and it was a matter of regret that most would conclude "simply from previous experience, that Number 10 is the guilty party". The argument between my News Department and Number 10's went on running strongly in the context of how best to handle the forthcoming Commonwealth meeting in London. Bernard Ingham made it clear that he would welcome a "break-up" of the Review Meeting with "emotional outbursts from Kaunda, Mugabe and company". The British press, he argued, would "crucify" the PM "if she was seen to make any concessions to blacks". He proposed to go on briefing in a very rigid sense, while leaving a "tiny" loophole in case some measures had to be conceded. When he was reminded of my Statement to the house on July 16 ("further measures likely to be necessary"), he made it very plain that he regarded those words as "an albatross of which he was reminded every time he spoke to the lobby".

All this was brought to my attention by the Deputy Head of my News Department (Christopher Meyer, with my Private Secretary, Tony Galsworthy, had both gone on leave on our return from South Africa). I next day decided that it had to be raised with Margaret personally - and before the Conference began. Most unusually I decided to write to her in my own hand,

taking only one copy for my own files. But with the hindsight of history the letter can now be seen to have foreshadowed much longer and more enduring problems. So it is worth recording the text in full:

1 August 1986

My dear Margaret,

I want to let you know about my extreme concern at the way in which matters have been managed in relation to yesterday's OD discussion about South Africa and the Commonwealth Review Meeting. I am taking the unusual course of writing personally because it is both the quickest and most confidential way of alerting you to my anxiety and I am not sure when we shall have a chance to discuss it.

There are three aspects to my anxiety: the first concerns what has already happened; the second relates to the handling of the conference this weekend; and the third is of more fundamental long-term importance.

On the first my concern arises from the way in which the OD/Cabinet discussion was presented to the lobby by the Number 10 Press Office, specifically by Bernard Ingham. I say this principally for two reasons:

- When my office - and later in the afternoon when I myself - took with the press the deliberately non-committal line which we agreed after Cabinet, we were greeted with complete disbelief. For a number of those to whom we

spoke reported that the Number 10 line had remained sharp and specifically hard-line, dismissive of the Commonwealth as "irrelevant" - and all in very intemperate terms. Bernard was described by someone as having gone "right over the top" in briefing which would, according to another, "have been sensational if it had been on the record". Someone else today described him in terms as "briefing against Geoffrey".

- Consistently with this last point, throughout the second half of Thursday morning we received a number of enquiries asking for confirmation of my resignation. In face of the briefing that had provoked this story, we were still having to refute that - by re-asserting our agreed line - until the end of Thursday afternoon.

The net effect of all this has been, of course, to destroy the value of the common line we had specifically agreed; and to re-affirm - through the press and in the eyes of others coming to the week-end meeting - an entirely unsympathetic position.

That brings me to the second main point: the handling of the press side of the Commonwealth meeting (I am sending you a separate note about the meeting itself). I have no doubt that the whole thing will require immensely sensitive handling if we are to steer it - as I think we should be able to, with luck - to a sensible conclusion that we can accept. This means that the press briefing - throughout, as well as at the end -

will have to be equally sensitive if it is not to provoke others to try to push us further than they otherwise would. But here too I am fearful - on the strength of what I have heard about his comments in the last day or so - about the effect of the line that Bernard is likely to take. He is said to have made it very plain that as far as he was concerned a bust-up of the meeting would be by no means unwelcome - and would "probably add another 5 points to the PM's popularity" (today's MORI poll² suggests rather a different picture). In my judgment our best chance of getting an agreement that will stand us in good stead is to think not in terms of a quick P.R. eclat of Bernard's kind - but to be aiming for a "victory" not for you or for me or for Kaunda or for anybody else - but for something that will be seen as a victory for commonsense, and so a satisfactory result for all. I believe OD's brief - handled in public as well as at the table - in a balanced fashion should allow us to achieve that: but not if it is handled, before and after, on the basis of Bernard's approach.

And so to my last more fundamental point. We have worked together closely, and I like to think successfully, for more than eleven years. I want to continue serving in your Government, and thus playing a part in helping to win the next general election. That means that we must continue to have confidence in each other: the partnership - for example, this weekend - is too close to survive without that. And that kind of

⁹ What were the figures? [check].

confidence cannot survive unless I can have the assurance that decisions taken by Cabinet and Cabinet committees affecting the policies for which I share responsibility are truthfully reflected by the Number 10 Press Office.

We know that the task of Press Secretary at Number 10 is one of the most sensitive and demanding in Whitehall. Not only is the Press Secretary the Prime Ministerial spokesman, he is also the channel for relaying governmental decisions and policies, and in that capacity is the servant of the government, although directly accountable to you. There should be no scope for painting personal glosses, setting Department against Department, Minister against minister - or other self-indulgences of the kind civil servants are instructed to avoid.

And my bigger worry thus goes beyond my concern about the forthcoming conference. I fear that the Number 10 Press Office, in its present style, is (and has been for some time) undermining our chances of securing a third term, by causing friction in Whitehall, and so giving the impression to the outside world of Government (and party) disunity - destroying what should still be the party's secret weapon.

This is, I know, a question that goes beyond what we can tackle this week-end. But it is of the highest importance and must be taken seriously if we are to be able to continue working together in confidence: without that we shall not be able to get through to

Tuesday night, let alone the General Election!

*I have kept only one copy of this letter, for myself:
I hope we may be able to find a chance to talk about it*

*Yours ever
Geoffrey*

The letter (in a "Strictly Personal" envelope addressed by me) went across to Number 10 by hand the same day, together with other papers about the week-end Conference. The Prime Minister and I met only briefly before we went into the ensuing roundabout of meetings. I took one opportunity to say that I looked forward at some stage to a chance of discussing my letter about Bernard - to which she replied (as she had done previously, in face of milder complaints to the same effect) that "Bernard isn't like that - but we can't talk about it now".

London Review Conference

And so the Review Group of Senior Commonwealth Prime Ministers assembled at Marlborough House, London (August 3-5 1986). The meeting convened at 3.15 pm on the Sunday afternoon. Our first purpose was to hear the report of the Eminent Persons Group (appointed after the Nassau Conference a year before) upon the outcome of their mission to South Africa. Those present, under the chairmanship of Sir Lynden Pindling (Bahamas) were President Kaunda and Prime Ministers Gandhi, Hawke,

Defence) were of one mind. The White House was told that we could allow US aircraft to fly from British bases for action consistent with the right of self-defence "against specific targets demonstrably involved in the conduct and support of terrorist activities". The subject was brought to a special meeting of Cabinet's ⁽³⁷⁾DOP (Defence and Oversea) Committee which met under Margaret's chairmanship on Monday April 14. Neither George Younger nor I was there. George could not escape a previous Scottish commitment. I had to be in The Hague for an EC Foreign Ministers' meeting. And Margaret, with support from Willie Whitelaw, whom she had kept informed, had an uphill task persuading DOP colleagues to endorse our decision. Norman Tebbit was particularly upset that he was being consulted so late. Eventually, he agreed with Nigel Lawson, John Biffen and Paul Channon that there could be no question of qualifying or withdrawing our agreement, "despite misgivings about the likely effectiveness and possible consequences" of the US action proposed. With my colleagues at The Hague (some of whom at least knew quite as much as I did about American intentions, which had been widely "leaked"), I had to speak and behave as though the options were still rather more open than by then seemed likely. But no more than them could I be sure, since no final Presidential decision was notified to me before the end of the day.

The US air-strike took place that night (14 April⁷).

⁷ So too did the shock defeat in the House of Commons of the Government's Shops Bill - designed to legalise Sunday opening. Seven years were to elapse before John Major felt able to re-introduce the proposal, in modified form.

Chapter 142

Work now started in earnest on the joint Minute to Margaret that Nigel and I had in mind. The first outline draft was actually produced in the Treasury and then jointly honed between Tim Lankester in that department and John Kerr in mine. The essential purpose, we said, was to convince our EC partners to tackle the Delors agenda step by step. If we were to persuade them then to concentrate on Stage 1 and leave over for later decision the rest (including any possible Inter-Governmental Conference), then we had absolutely to convince them of the good faith of Britain's commitment to Stage 1. They had to know that the time truly was becoming "ripe". Re-reading the papers reminds me that it was Nigel who was most in favour of setting a date for British entry into ERM. Both Lankester and Kerr originally felt - and so did I - that naming a date would be (a) a bridge too far for Margaret and (b) not necessary to take the trick at Madrid. Events were in the end to prove us right. But the text that went to Number 10 on June 14 did suggest a non-legally binding undertaking that sterling would indeed join the ERM by the end of 1992. This, we suggested should be subject to a condition that all the major states would by then have abolished all exchange controls - as already provided for by the Capital Liberalisation Directive. The Pound, we said, should enter with wider margins, as the Spaniards had themselves stipulated for the Peseta. We would also, of course, want to ensure that our inflation rate was on the way down again. But that was a matter for us - and something we were determined to achieve anyway. "Could we", we concluded, "discuss this with you?"

Meantime the British (including the Hong Kong side) was torn between two views. From Hong Kong most of the unofficials led by Sir S.Y. Chung, (a wise and experienced businessman, warily but not obsessively suspicious of "the Chinese") and supported by senior officials, such as Philip Haddon-Cave, (by now Chief Secretary), took the view that the Chinese were bluffing - and should be pressed to accept our case, even at the risk of break-down. They were supported, cautiously but quite understandably, by Governor Teddy Youde. On the other side were ranged the London China hands led by Percy Cradock. Richard Luce and I shared their view that the Chinese were not bluffing - and that confrontation would lead only to disaster for Hong Kong. This recurrent tension was dramatised when Edward Heath on 12 September visited Hong Kong and reported to UMELCO on the talks he had just had with Deng in Peking. Sir S.Y. Chung was prompted to comment, sincerely but not very tactfully, that their dinner-party guest seemed to have been "well brain-washed" in Peking. Ted erupted and walked out. Nobody could say that the issues were not being well-canvassed!

These political disagreements were accompanied by a high degree of economic turbulence. By 9 September 1983, with interest rates at crisis level, the Hong Kong dollar had fallen to an all-time low. And the slide continued into panic conditions. On September 23 the HKS lost 8 per cent in a single day. It was suggested (by that we should endeavour to fix the exchange rate of the local currency. This raised huge potential difficulties for the pound sterling: would safety for

Ref: A093/2845

MR HUNT

cc Mr Rose
Ms Hamilton
Mr Haslam - No 10 Press Office

Sir Percy Cradock's Memoirs

I understand that the Mail on Sunday may be planning to run a story to the effect that Sir Percy Cradock is being obstructed by the government in the publication of his memoirs. Should you receive any enquiries I suggest you take the following line.

Sir Percy Cradock prevented from publishing memoirs?

Sir Percy submitted the manuscript of his memoirs to the Cabinet Office and to the Foreign Office in the normal way. The text has been checked in the normal way and Sir Percy has been given clearance to publish.

Was the Text amended?

Not for me to comment. You would need to ask Sir Percy.

Is the Text unhelpful to the Government?

The text was checked and cleared in accordance with the Radcliffe Rules on Ministerial Memoirs. The Radcliffe Rules include the provision that the text should not include disclosures which would be injurious to this country's relations with other nations.

2. It is possible that the Prime Minister maybe asked about this whilst abroad. I should therefore be grateful if the gist of this minute could be passed to Mr O'Donnell.
by No 10
^

3. I will be contactable on the usual numbers or by message pager on Sunday if necessary.

Melanie Leech

MELANIE LEECH

17 September 1993

PPS | CRADOCK. TmW



10 DOWNING STREET
LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBIN BUTLER

SIR PERCY CRADOCK'S MEMOIRS:
EXPERIENCES OF CHINA

The Prime Minister was grateful for your minute of 14 September, which he discussed with you at your bilateral this morning. In the light of the Governor of Hong Kong's and the Foreign Secretary's views, the Prime Minister agreed that Sir Percy should be given clearance to publish his book, with the amendments which he has accepted.

ALEX ALLAN

16 September 1993

dx



Prime Minister

Ref. AO93/2792

PRIME MINISTER

If the Governor (para 3) prefers
authoritative publication to suppression,
the main reason for seeking
further changes falls away.
Consent to let Sir R. Butler
proceed?
17/1/52.

Sir Percy Cradock's Memoirs: Experiences of China

Sir Percy Cradock has written a book of memoirs, concentrating on his various experiences of China; in the early years of his career; in a posting there during the cultural revolution; in his time as Ambassador and finally as Foreign Affairs Adviser in No. 10. In accordance with the rules, he submitted these memoirs for clearance by the Foreign Office and myself.

2. The book contains no material damaging to national security. But it does deal with negotiations which are still current, on Hong Kong Airport and the electoral arrangements. We at first thought that we might seek to persuade Sir Percy either to defer publication until these negotiations are over or to publish the book without the last two chapters which deal with current issues. Sir Percy was reluctant to do this, and we have persuaded him to make a number of amendments designed to remove disclosures which would make the job of the Governor and those negotiating with the Chinese more difficult and to correct passages which might have been factually misleading.



3. The main problem we are left with is that the book is critical of what Sir Percy regards as the Governor's "confrontation" with the Chinese over electoral issues before the present phase of negotiations. But Sir Percy has already made these criticisms, and the book will not anyway be published until next spring, by which time the current phase of negotiations over the electoral arrangements will be over. Although the book will attract some attention in Hong Hong and to a lesser extent in Peking, and give renewed prominence to Sir Percy's criticisms, the Governor takes the view that it would be much worse for it to be known that the Government has tried to suppress parts of Sir Percy's book than to let him publish.

4. On balance, therefore, the recommendation of the Foreign Office and myself, on which the Foreign Secretary and Mr Goodlad have been consulted, is that Sir Percy should be given clearance to publish his book, with the amendments which he has accepted. If you agree, I will proceed accordingly.

R. R. B.

ROBIN BUTLER

14 September 1993

IN CONFIDENCE



10 DOWNING STREET
LONDON SW1A 2AA

*File All
pps/baker.s/h*

From the Principal Private Secretary

MISS MELANIE LEECH

CABINET OFFICE

MR. KENNETH BAKER'S MEMOIRS

The Prime Minister has seen and noted Sir Robin Butler's minute of 4 August, and was grateful for the further effort.

I am copying this minute to John Sawers (Foreign and Commonwealth Office).

ALEX ALLAN

9 August 1993

A handwritten signature in the bottom right corner of the page.

IN CONFIDENCE



*Prime Minutes
No joy. ✓
Mar 5/8*

Ref. A093/2539

MR ALLAN ✓

Mr Kenneth Baker's Memoirs

at top
Thank you for your minute of 30 July about the disputed paragraph in Mr Baker's memoirs.

2. Mr Baker had gone on holiday to France and, after giving a message to his secretary that he should ring me (to which there --- was no immediate response), I wrote to him in the attached terms.
3. Mr Baker telephoned me today to say that it was now too late to make further amendments. The publishers were producing the final copies of the book, which he hoped to have on his return from holiday next week. He said that he doubted whether this paragraph would attract much attention in its revised form and, if it did, he would entirely understand if Ministers wanted to make the points in the amendments suggested by the Prime Minister. He said that he thought that much more attention would be attracted by the frank comments on the Thatcher years made in the interviews which he had recorded with Ministers and others for the television programmes which are to accompany the book.
4. I am sorry that I have not been able to secure the further amendments which the Prime Minister wanted.
5. I am copying the minute to Mr Sawers (FCO).

H.E.R.B.

ROBIN BUTLER

4 August 1993



CABINET OFFICE

70 Whitehall, London SW1A 2AS

Telephone 071-270 0101 Facsimile 071-270 0208

From the Secretary of the Cabinet and Head of the Home Civil Service
Sir Robin Butler GCB CVO

Ref. A093/2515

3 August 1993

Dear Mr Baker,

Your Memoirs

I reported my conversation of 26 July with you to the Prime Minister and the Foreign Secretary. The Prime Minister has asked me to return to you once more on the passage in Chapter 19, pages 27-28 dealing with the UK's negotiating position on the Maastricht Treaty. The Prime Minister still does not feel that your text fairly reflects the discussions that took place in 1991. He feels that you should reflect the fact that he and the Foreign Secretary agreed strongly that an extension of Community competence in the area of frontier controls should be resisted and that Ministers collectively, at meetings at which you were present, concluded against raising the issue of the interpretation of Article 8A and the General Declaration in the Maastricht negotiations as we would be likely to fail and our consequent position would be worse than if we did not.

These points would be met if you would slightly amend further the text which we discussed when we spoke on 26 July as follows (amended text underlined):-

"I met the Prime Minister and Douglas Hurd separately on two occasions to urge this, and whilst they strongly agreed that an extension of the Community's competence in this area should be resisted, the Overseas Policy Committee decided against raising the whole interpretation of Article 8A and the Declaration. Perhaps they believed ..."

I have confirmed that this accords with the documents.

Yours sincerely,
Melanie Leech

The Rt Hon Kenneth Baker MP
House of Commons
London SW1A 0AA

(dictated by Sir Robin
and signed in his absence)

IN CONFIDENCE

file CW



10 DOWNING STREET
LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBIN BUTLER

MR KENNETH BAKER'S MEMOIRS

The Prime Minister was grateful for your recent minute about Mr Baker's memoirs.

He still does not feel that Mr Baker's text fairly reflects the discussions that went on. He feels that it should say that the Prime Minister and Foreign Secretary "agreed strongly that an extension of Community competence in this area should be resisted". And he felt that Mr Baker should be asked to include reference to the fact that Ministers collectively, at meetings which included the then Home Secretary himself, concluded that if we raised the issue in the Maastricht negotiations we would get nowhere and our consequent position would be worse than if we did not.

Is it possible for you to make these points to Mr Baker?

I am copying this minute to John Sawers (Foreign and Commonwealth Office).

ACSA

ALEX ALLAN
30 July 1993

IN CONFIDENCE

[Handwritten signature]

IN CONFIDENCE



Foreign &
Commonwealth
Office

London SW1A 2AH

28 July 1993

Alex. Allan
Dear Sir Robin,

Mr Kenneth Baker's Memoirs

Thank you for sending me a copy of your undated minute to Alex Allan. I have shown this to the Foreign Secretary who is content to live with Mr Baker's new wording.

Yours sincerely,

R J Sawers

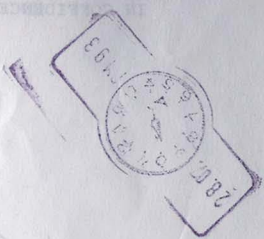
(R J Sawers)
Private Secretary

Sir Robin Butler
CABINET OFFICE

cc : Alex Allan, No 10

Foreign &
Commonwealth
Office
London E 14 6UP

IN COMPLIANCE



28 JUL 1953

Handwritten signature

Handwritten signature

Mr Kenneth Baker's Message

Thank you for sending me a copy of your message
dated 20.7.53. I have shown this to the Foreign
Secretary who is content to live with Mr Baker's new
wording.

Handwritten signature

Er J Baker
Foreign Secretary

211 Rother Street
CANTON OFFICE

Handwritten signature

IN COMPLIANCE

20-10



Ref: A093/2419

MR ALLAN

*Prime Minutes
A hit letter, and as
far as we are likely to get.
Ally*

Mr Kenneth Baker's Memoirs

Following your minute of 19 July recording my conversation with the Prime Minister and the Foreign Secretary's comments recorded in Mr Sawers' letter of 14 July, I have had a further negotiation with Mr Baker about the passage (original version --- attached) which referred to Mr Baker's attempts as Home Secretary to persuade the Prime Minister and Foreign Secretary to raise Article 8A at Maastricht.

2. I argued that the paragraph mis-stated the position and, after a good deal of negotiation, Mr Baker agreed to modify the paragraph so that it reads as follows:

"I met the Prime Minister and Douglas Hurd separately on two occasions to urge this, and whilst they agreed that an extension of the Community's competence in this area should be resisted, they felt unable to raise the whole interpretation of Article 8A and the Declaration. Perhaps they believed that this would throw a spanner into the Maastricht negotiations and saw it as a matter which would be counter-productive to reopen with EC colleagues. I was disappointed that this fundamental European challenge to our Sovereignty was never raised at the Maastricht meeting. We still remain on a collision course with the European

IN CONFIDENCE



Community over maintaining our frontier controls and when this collision occurs it will be the ultimate test of "who governs?", the national or the supranational state?"

3. This version omits the suggestion that the Prime Minister and the Foreign Secretary were unwilling to raise the issue because it was "inconvenient" or because they did not appreciate the threat or take it seriously, and gets closer to the real situation which was that Ministers collectively, at meetings which included the Home Secretary himself, concluded that if we raised it we would get nowhere and our consequent position on this issue would be worse than if we did not. I would have liked to get rid of the phrase about "throwing a spanner into the Maastricht negotiations", but this version puts more emphasis onto the conclusion that it would have been counter-productive to reopen this matter at Maastricht.

4. I am sorry that I was not able to persuade Mr Baker to take the paragraph out altogether but I hope that the Prime Minister and the Foreign Secretary will feel that, in its revised form, it is less likely to be damaging.

5. I am copying this minute to John Sawers.

R.R.B.

ROBIN BUTLER

I met the Prime Minister and Douglas Hurd separately on two occasions to urge this, and whilst they agreed that an extension of the Community's competence in this area should be resisted, they did not wish to raise the whole interpretation of Article 8A and the Declaration. They felt this would throw a spanner into the Maastricht negotiations and saw it as an awkward matter which would be inconvenient and counter-productive to re-open with EC colleagues. I was disappointed that Douglas, as a former Home Secretary, seemed not to appreciate, or take seriously, the fundamental nature of the European challenge to our sovereignty. The issue was swept under the carpet and never raised at the Maastricht meeting. We still remain on a collision course with the European Community over maintaining our frontier controls and when this collision occurs it will be the ultimate test of "who governs?", the national or the supranational state.

Since I left the Government I have been criticised by former Cabinet colleagues for my cool attitude towards European political integration. It was even suggested that after the Maastricht negotiations I had led the chorus of congratulations in Cabinet to the Prime Minister. This is simply not true as will be revealed when the Cabinet minutes are published.



CABINET OFFICE

70 Whitehall, London SW1A 2AS

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From the Secretary of the Cabinet and Head of the Home Civil Service
Sir Robin Butler GCB CVO

Ref. A093/2365

23 July 1993

Dear Kenneth,

Thank you for your letter of 12 July. I am grateful to you for the amendments which you have made to the text in response to those of my comments which you have accepted. There are one or two matters however on which I must return to the charge.

Your proposed amendment to Chapter 4 I am afraid I do not think quite meets the point. Although you propose to delete the direct reference to involvement by telecommunications operators in the surveillance of criminals and terrorists, the remaining text clearly invites the question of why the Home Secretary should be "rightly concerned about allowing any operators other than BT into the telecommunications business" or have "traditional Home Office objections". I fear that there is an inference to be drawn that these are on security grounds. I would therefore ask you to reconsider my original proposal that you should delete the entire passage from "Willie Whitelaw's ... objections of this sort".

Under the heading of International Relations, we spoke about the piece on immigration controls in Chapter 19. Since this is so important, my understanding of the changes you have agreed to make in pages 23-27 is set out here for the avoidance of misunderstanding.

/On page 24

The Rt Hon Kenneth Baker MP
House of Commons
London SW1A 0AA

C. PS / Foreign Secretary
~~Mr Allen~~
PS / Sir D. Gillmore
PS / Sir C. Whitmore

file
(KB's memoirs)

STRICTLY PERSONAL AND CONFIDENTIAL

On page 24 you will retain the section "I was briefed ... its original intention." You have however agreed to amend the word "lawyers" in line 12 of that page to read "our Community partners". Also on pages 24-25 you intend to retain the section "We had believed ... a British opt-out.". You did however agree to delete the phrase "up till then" in line 28 on page 24. At the top of page 25 you agreed to amend the sentence "But the Home Office had now received advice from the Law Officers that the Declaration was worthless" to read "But the Home Office now had suggestions [or indications] that the opt-out was worthless."

In the following paragraph you agreed to insert the word "Commission" in line 7, so that the relevant text now reads "persons was now being interpreted by Commission lawyers as meaning anyone who unlawfully entered the European Community." Further on in that paragraph you agreed to amend the phrase "the lawyers' interpretation blew our immigration controls out of the water" to read "would blow our immigration controls out of the water". In the following paragraph you agreed to amend the first sentence to read "... I thought that if our opt-out from Article 8A became worthless it would provoke an explosion ...".

On page 27 you agreed to insert in line 7 the phrase "by the suggestion", so that the phrase would read "I was shocked by the suggestion that a Declaration which we had solemnly agreed was now worthless." You said that you would delete the sentence beginning - "My concern however ...," amend the second sentence to start "My officials feared that if we resisted ..." and would delete the phrase "as my officials appeared to be doing" at the end of the paragraph. In the second paragraph on page 27 you intend to retain the last sentence "This would require ... renegotiation of Article 8A."

I have consulted the Prime Minister on the passage in Chapter 19, pages 27 to 28, under the heading of Confidential Relationships. The Prime Minister has asked me to take this up with you again.

The Prime Minister is clear that this passage contravenes the Radcliffe principles. The Foreign Secretary and he also feel that this passage contains a fundamental mis-statement of the position at the time. I have read the documents myself and I agree with the Prime Minister's and Foreign Secretary's view. The position was not that the Prime Minister and Foreign Secretary were unwilling to raise this matter because it would "throw a spanner into the Maastricht negotiations". The papers indicate that Ministers thought carefully and on a number of occasions about seeking a renegotiation of Article 8A, but

/eventually decided

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eventually decided against it, following advice from the Law Officers' Department, on the grounds that an attempt at renegotiation would be unsuccessful and was likely to leave the UK's position worse than it was already. This could not be explained in your book without damage to UK interests and the Prime Minister has therefore endorsed my request to you to agree to remove this passage.

Yours ever,

Robin

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IN CONFIDENCE



10 DOWNING STREET
LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBIN BUTLER

MR. KENNETH BAKER'S MEMOIRS

The Prime Minister was grateful for your minute of 13 July, which he discussed with you at your bilateral this morning. He felt that you should go back to Mr. Baker and say that, not only is Mr. Baker contravening the Radcliffe principles in this paragraph, he is also fundamentally mis-stating the position in both the Foreign Secretary's and the Prime Minister's views. Nor does the documentary evidence support his contentions.

I am copying this minute to John Sawers (Foreign and Commonwealth Office).

ACSA

ALEX ALLAN
19 July 1993

IN CONFIDENCE

PRIME MINISTER

MR KENNETH BAKER'S MEMOIRS

See Robin Butler's minute below about Mr Baker's memoirs: Mr Baker is claiming that you and Douglas Hurd resisted his attempts to get the interpretation of Article 8A (frontiers) raised at Maastricht. The Foreign Secretary has already commented (flag B) he thinks Mr Baker is "fundamentally mis-stating the position".

That is also the picture that emerges from our records. I attach a note of a meeting on 27 October 1991 (flag A) which says

"The Prime Minister wondered whether we should go to our partners and say that, since neither Article 8A nor the accompanying Declaration had worked in the way intended, then they must be amended to be made watertight."

This shows you being the first to suggest an amendment of Article 8A. The record of the meeting later says "In further discussion it was agreed that the best option for us would be to secure an amendment to Article 8A. ... It was, however, recognised that this would be difficult".

There were further meetings in the House on 21 and 25 November 1991 with the Foreign Secretary and Home Secretary, but no meeting records seem to have been made. The subject was discussed at OPD on 26 November, when the minutes record:

"It would be unwise to use the present negotiations to try to secure a Treaty amendment to reinforce our arguments over Article 8A. If we

tried and - as was likely - failed, we would be left in a worse position than at present".

No indication of any dissent from Mr Baker.

So Robin could reasonably return to the charge with Mr Baker to say that his account is not borne out by the records, and is at variance with your and the Foreign Secretary's recollections, quite apart from breaching the Radcliffe rules.



ALEX ALLAN

15 July 1993

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COPT

File

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

27 October 1991

EURO PCL.
Budget pr 51.

Dear Richard,

EUROPEAN COMMUNITY: THE IGCs

The Prime Minister held a working supper this evening to discuss issues arising in the IGCs, particularly immigration and asylum. The Foreign Secretary, the Home Secretary, the Chancellor of the Exchequer and Mr Garel-Jones were present. Sir John Kerr (UKREP Brussels) and Anthony Langdon (Home Office) were also present. The following were the main points.

- i. The Home Secretary described the present mood within the Community with the Germans and French in particular increasingly worried about immigration. The latest opinion polls in France gave Le Pen 32 per cent support. The French had introduced a rolling programme of measures covering items such as carriers' liability, sanctions on employers employing illegal immigrants, more staff working on asylum cases, etc. In Germany, the Interior Minister, Herr Schäuble had called an ad hoc meeting this week of Community Interior Ministers plus the Interior Ministers of Austria, Czechoslovakia, Poland, Hungary and Switzerland. The Germans had circulated a draft communique which was all about border controls. Nonetheless the Germans and French were both talking about strengthening the Community's external frontiers. Neither of them believed that there should be controls on Community citizens or on non-EC citizens travelling within the Community.
- ii. Some time was spent discussing Article 8a of the EC Treaty as written in the Single European Act, and the Declaration which went with it. It was noted that, come 1993, we could face a challenge in the European Court if we sought to maintain our existing frontier controls. Although the Commission

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and other Member States knew that our legal case was not watertight they did not know that this was also the view of our own Law Officers. There was no reason why we should abandon our own contention that a combination of Article 8a and the Declaration gave us the right to go on maintaining frontier controls but, equally, Ministers would have to take great care not to mislead the House and the Home Secretary would need to work out language which could be used by himself, the Prime Minister and other Ministers.

iii. The Prime Minister wondered whether we should go to our partners and say that, since neither Article 8a nor the accompanying Declaration had worked in the way intended, then they must be amended to be made watertight. However, it was pointed out that, on the adoption of the Single European Act, virtually all other Member States had declined to accept our interpretation of the meaning of Article 8a. Nor had the Declaration ever been seen as legally watertight. The prospects therefore for tightening up Article 8a were not good.

iv. Sir John Kerr described the present state of negotiations within the Community. On Europol, all Member States other than Germany wanted to keep judicial and police co-operation on an intergovernmental basis.

On asylum, the Belgians, Germans and Italians wanted to treat asylum on a Community basis on the lines in the Dutch text but the remainder of the Community wanted asylum handled on an intergovernmental basis and the eventual Dutch text was likely to reflect this.

On immigration, nine Member States wanted action on a Community basis and only three (the UK, Portugal and Ireland) were hostile to that. The question was how much would be done on a Community basis. What was envisaged was that the rules for issuing visas, the design of visas and general rules of procedure would come within Community competence. There was also provision in the present text for immigration issues other than those covered by Europol to be put into Community competence only if the Council was unanimous and subject to national ratification. In other words, all Europol co-operation would be intergovernmental, all asylum co-operation would be intergovernmental and most immigration co-operation would be intergovernmental. Those

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immigration matters that did come within the Community competence would be subject to the provisos described. Nor would the Commission have an exclusive right of initiative.

- v. The Home Secretary said that once immigration was in Community competence, however hedged about, we would be on a slippery slope. We should not go down that route. This view was endorsed by the meeting.

In further discussion it was agreed that the best option for us would be to secure an amendment to Article 8a e.g. substitute the words "European Community citizens" for the words "persons" so that the relevant paragraph of the article would read:

"The internal market shall comprise an area without internal frontiers in which the free movement of goods, European Community citizens, services and capital is ensured in accordance with the provisions of this Treaty."

It was, however, recognised that this would be difficult to attain.

- vi. It was agreed that at Friday's meeting with Chancellor Kohl the Prime Minister should try establish the elements of a deal. He would make clear to Chancellor Kohl that we were willing to offer very extensive police co-operation on the lines of Europol. We would also make clear our willingness to write something on asylum into the European Treaty e.g. a restrictive interpretation of the 1951 definition of a refugee. This would give Chancellor Kohl a legally binding basis for adopting a tougher stance than allowed under the German Constitution but would not draw us into Community competences. In return, Kohl had to accept that our status as an island meant that we had a scope denied our continental partners to curb illegal immigration and we must keep that. We could, if necessary, indicate that the position could change if we achieved a watertight external frontier.
- vii. The Home Secretary said it would also be useful if the Political Union Treaty could state that Europe was no longer an area of primary immigration. Sir John Kerr said that it would be easier to achieve restrictive definitions of this kind in the treaty if we did not try to sell them as amendments to

Article 8a.

Follow-up

It was agreed that the ideas above would be worked up by the Home Office for the brief for the Prime Minister's visit to Bonn on Friday. I should be grateful if material could reach me by the evening of Wednesday, 30 October.

European Parliament

- viii. It was agreed that some progress had been made, not least in dropping the term co-decision and that some form of negative assent procedure would probably be acceptable.
- ix. The Prime Minister asked Sir John Kerr to come up with some further proposals for giving the Parliament greater power over the Commission. One possibility would be to prevent the Commission from making proposals unless these had first been cleared with the European Parliament. But the Prime Minister accepted that the present system of EP opinions was already close to this idea. He also accepted that there was a risk of the Commission and the Parliament working in cahoots so that our last state could be worse than our first.
- x. Sir John Kerr argued against making the terms of office of the Commission and Parliament coterminous on the grounds that this would increase the danger of the Parliament seeking a power to appoint the Commission. He was, however, asked to look at this whole area and come up with proposals before Friday. Two points for further consideration were:
 - i. whether the Parliament should have the right to approve the appointment of the President of the Commission before the rest of the Commission were nominated;
 - ii. whether the Parliament should have the right to dismiss individual Commissioners subject to certain safeguards e.g. the dismissal could not happen until a Commissioner had been in office for six months and subject to a high

threshold of votes.

xi. Social dimension

Sir John Kerr referred to the redraft of Article 118 (Social Policy) recently tabled by the Germans. The German list of issues to be decided by QMV was too long and the list of subjects to be decided by unanimity was too short but there was a not unuseful list of exclusions which included (surprisingly) the length of working time so there was possible scope for building on that approach. The Prime Minister agreed that this was worth exploring.

xii. EMU

It was agreed that, when he sees Chancellor Kohl on Friday, the Prime Minister should say that we accepted that there should be an independent central bank in Stage 3, and that, if we ourselves opted for Stage 3 that implied an independent national bank in Stage 3 as well. The Prime Minister would need to make clear that we could not accept either an independent European or national bank in Stage 2 or moves towards independence in Stage 2. The Prime Minister would continue to make clear that a general 'no imposition' clause in the Treaty was essential for us. The above points would be made in private. The Prime Minister did not want anything said publicly about the independence of a central bank or of national banks in Stage 3.

xiii. Regional body

Sir John Kerr described the German proposal for a regional body. In its present version the proposal was that it should work alongside the Economic and Social Committee, i.e. it would be a powerless talking shop. It was agreed that it was particularly important that any such regional body should have no power over the regional funds.

Follow-up

- (i) Sir John Kerr will let us have his ideas on the European Parliament before Friday's meeting in Bonn.
- (ii) The Prime Minister's briefing for Bonn will need to reflect what was agreed this evening about the independence of a central bank of national banks in Stage 3.
- (ii) Further work will need to be done to identify the scope for building on the German ideas on social policy.

xiv. There was some discussion of the handling of the two-day debate in the House of Commons. The Prime Minister will open on day one. The Chancellor will close on day one. The Foreign Secretary will open on day two with either Mr Garel-Jones or Mr Maude winding up. Both that speech and the Prime Minister's speech at the Lord Mayor's Banquet on 11 November (which will precede the debate) will need to set out clearly our view of the sort of Europe we are trying to create and will need to explain those proposals which we are unable to accept. I hope to circulate a draft of the relevant passages for the Lord Mayor's Banquet speech in the next day or two.

xv. Prime Minister's visit to Bonn

In order not to complicate our negotiating hand the Prime Minister does not (not) want a press conference in Bonn on Friday. He would prefer an agreed statement on the talks to be issued, as was done after Chancellor Kohl's visit to Chequers. I will pursue this with Peter Hartmann.

xvi. The clear view at yesterday's meeting was that we should continue to work for agreement at Maastricht and that agreement was preferable to 'no agreement'. However, we could not accept an agreement which was not sellable to the House of Commons. The Prime Minister said that, especially on immigration issues, we must use our leverage while it was greatest i.e. between now and Maastricht.

I am copying this letter to the Private Secretaries to members of OPD(E), Colin Walters (Home Office), Martyn Waring (Department of Employment), Sir John Kerr (UKREP, Brussels) and Sonia Phippard (Cabinet Office).

Jaw.
J.S. Wall
(J.S. WALL)

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

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1991 (91) 7th Meeting

COPY NO 64

CABINET

DEFENCE AND OVERSEAS POLICY COMMITTEE

MINUTES of a Meeting held at
10 Downing Street on
TUESDAY 26 NOVEMBER 1991 at 9.30 am

PRESENT

The Rt Hon John Major MP
Prime Minister

The Rt Hon Douglas Hurd MP
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Norman Lamont MP
Chancellor of the Exchequer

The Rt Hon Tom King MP
Secretary of State for Defence

The Rt Hon Peter Lilley MP
Secretary of State for Trade
and Industry

The Rt Hon Sir Patrick Mayhew QC MP
Attorney General

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Kenneth Baker MP
Secretary of State for the
Home Department

The Rt Hon Michael Heseltine MP
Secretary of State for the
Environment

The Rt Hon Kenneth Clarke QC MP
Secretary of State for
Education and Science

The Rt Hon Malcolm Rifkind QC MP
Secretary of State for Transport

The Rt Hon Antony Newton MP
Secretary of State for
Social Security

The Rt Hon Christopher Patten MP
Chancellor of the Duchy of Lancaster

The Rt Hon John Gummer MP
Minister of Agriculture, Fisheries
and Food

The Rt Hon Michael Howard QC MP
Secretary of State for Employment

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The Rt Hon William Waldegrave MP
Secretary of State for Health

The Rt Hon Richard Ryder MP
Parliamentary Secretary, Treasury

The Rt Hon Timothy Renton MP
Minister of State, Privy Council Office
(Minister for the Arts)

Mr Tristan Garel-Jones MP
Minister of State, Foreign and
Commonwealth Office

Sir John Kerr
United Kingdom Permanent Representative
to the European Communities

SECRETARIAT

Sir Robin Butler
Mr D A Hadley
Miss L P Neville-Jones
Mr B Bender
Mr L Parker

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ITEM 1: INTERGOVERNMENTAL CONFERENCE ON POLITICAL UNION

The Committee considered a Memorandum by the Secretary of State for Foreign and Commonwealth Affairs (OPD(91)17).

The PRIME MINISTER said that the object of the meeting was to clarify the United Kingdom's objectives for the remainder of the negotiations in the Intergovernmental Conference (IGC) on Political Union, culminating in the meeting of Heads of Government at Maastricht on 9-10 December. He had gone through the United Kingdom's concerns in detail with the Dutch Prime Minister on 22 November. The Dutch Presidency should now have a clear picture of the areas where there might be some flexibility on our part (though they would not know how much) as well as those where there was no flexibility whatsoever in our position. There might be further contact with the Presidency before the Maastricht meeting.

Introducing OPD(91)17, the SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS said that the Government had set out the basic elements of its negotiating position during the House of Commons debate on 20-21 November, and in more detail with the Presidency on 22 November. It was right to keep the House and the public informed, and important to lower other Member States' expectations. Some progress had been made at the Conclave on 12-13 November. There would be limited scope for United Kingdom flexibility at the second Conclave on 2 December, since it would be essential to conserve most of our remaining room for manoeuvre until Maastricht. It remained desirable to reach an agreement at Maastricht if this were possible within the limits which the Government had set out in the House of Commons debate.

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In discussion of the opening articles of the Presidency text, the following main points were made:

a. The Presidency's return to a pillared structure preserving an intergovernmental approach to common foreign and security policy and the bulk of interior and justice matters was a major prize, and an important principle to have established for the future. It remained important to remove references to a "federal goal", and to ensure that the clause excluding the jurisdiction of the European Court of Justice (ECJ) was placed in the final provisions to prevent the Court acquiring jurisdiction over the provisions common to all three pillars, including the reference to the European Convention on Human Rights.

b. It would also be important to soften the present reference in Article 2 to a "high level of employment and of social protection" for example by preceding it with the words "thus creating the conditions for"; this would be pursued at the Conclave and if necessary at Maastricht.

c. The Presidency text on citizenship was acceptable as far as the franchise for local and European elections was concerned. While the article on citizens' rights of movement and residence adequately protected most of our concerns, it was not clear that we would be able to maintain our current restrictions on EC nationals' access to student grants or loans. If we were forced to abandon these restrictions, there would be significant costs, particularly since more EC students than at present would be attracted to study in the United Kingdom. The Law Officers would consider the legal position further. It might be necessary to seek a declaration to clarify the position, provided that this did not provoke others to reopen the idea of a more ambitious citizenship chapter.

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In discussion of institutional issues the following main points were made:

d. The reference in the Presidency text to Deputy Commissioners was unsatisfactory. The Germans had accepted that an increase in their representation in the European Parliament (EP) should not be accompanied by an increase in the number of votes which Germany exercised in the Council. We were seeking modifications to the French proposal for a Congress of European and national Parliamentarians, to ensure that this did not give disproportionate weight to the views of the EP.

e. We were still negotiating over the scope of the new negative assent procedure. The United Kingdom had made a limited concession at the Conclave, confined to part of the present scope of Article 100A; R & D framework programmes provided that they remained subject to unanimity; and environment framework programmes, though not on the basis of the present text. The Presidency and others would press us to expand this coverage to other articles. Those currently proposed were briefly assessed in Annex A to OPD(91)17. In considering these, it should be borne in mind that mustering the absolute EP majority required to block proposals approved by the Council would be quite difficult in practice.

f. In further negotiations on the negative assent procedure, it would be important to insist on unanimity for research and development, and to limit as far as possible the scope of environmental action programmes. There was a risk that the EP would press for protectionist measures under Article 100A. At an earlier stage there had been some prospect that negative assent might not apply to all measures taken under this Article; this objective should be

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pursued. There were limitations on the scope of Article 100A itself: it would be helpful if these could be set out for the information of Ministers.

g. Applying negative assent to Article 57(1) could have significant disadvantages for the United Kingdom's distinctive national system of vocational qualifications: we should try hard to get this Article dropped from the list.

h. Although there had been concerns about the long-term cost implications of the health chapter, its scope was now so limited that there was no reason to expend further negotiating capital in resisting qualified majority voting (QMV) or the negative assent procedure.

i. While the Prime Minister and Foreign Secretary would be guided by these considerations in further negotiations on the scope of the negative assent procedure, it was important that they should have sufficient freedom of manoeuvre to strike the best possible overall deal.

In discussion of competence texts, the following main points were made:

j. The exclusion of harmonising measures from both the education and training texts was an important gain. It was however reasonable to seek a suitable definition - probably in the form of a declaration - of the phrase "incentive measures" in the education text; and to press for the same formula to be used in the training text. Subject to these points, there was no objection to QMV in the education text. QMV in the training text represented a gain, since action could be taken under the present Treaty by simple majority.

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k. We should continue to try for the deletion of the culture text. If we could not achieve this, we should insist on unanimity.

l. The French-inspired industry text would encourage the Community to develop an interventionist industrial policy. We should try to get it dropped, while recognising that because the French would fight hard for it this was unlikely. If the text remained, we should aim to water down the substance, and seek a declaratory text; failing that, we should ensure that any decision-making power was by unanimity.

m. On taxation, the removal of the reference to Article 101 in Article 99 was very important, and a potential sticking point.

n. Though the present text on subsidiarity was not as strong as we would wish, it was significantly better than no provision at all; we should accept nothing less, and aim for some further improvement.

o. The Prime Minister had explained our concerns on the social chapter to Mr Lubbers on 22 November; he had also impressed on him the very adverse effect on public and Parliamentary opinion in the United Kingdom that would result if the Presidency pushed the draft working time directive to a vote shortly before Maastricht.

p. While we would undoubtedly come under strong pressure to make substantive concessions on the social chapter, we should continue to resist this. There were three areas in particular where resistance was vital - extension of competence; extension of QMV; and any requirement for national implementation of collective agreements reached

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between employers and trade unions at the European level. The Confederation of British Industry had signed up to the last of these: they now regretted doing so, and were effectively dissociating themselves. Given the extreme socialist views of Commissioner Papandreu, there would be great danger in extending Community competence; there would also be great Parliamentary difficulties.

q. On the other hand, on 22 November the Dutch Prime Minister had shown some understanding of the difficulties which the United Kingdom had faced over expansionist use of the existing QMV provisions of the Treaty, and had suggested that there might be some scope for a clearer definition in any new provisions of the borderline between unanimity and QMV. It was not clear what the price for this would be. The Dutch might propose a new text. But the underlying idea deserved careful examination, although there were serious potential traps.

r. Although the Government would have good arguments of substance to advance, it would be uncomfortable domestically if the negotiations at Maastricht were to break down solely over the social chapter: in such circumstances it would be important to ensure that other issues remained to be resolved as well.

s. Given the importance of the issues at stake, it would be helpful if further work could be done to identify possible ways through if we were unable to get others to drop their insistence on a new social chapter. The essentially cosmetic changes mentioned at previous meetings should be included among the options to be considered, as should the ideas advanced by Mr Lubbers. The aim would be to see if any formula could be found which would protect our essential concerns while offering other Member States

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something that they could present domestically as an improvement on the present position. It was not clear whether such a text was draftable, but it was desirable to try.

t. The Secretary of State for Social Security had written to colleagues proposing that the United Kingdom should seek a Treaty amendment designed to ensure that unanimity would be required for any EC measure containing a provision affecting social security or social protection. Such an amendment was however unlikely to succeed in its present form.

u. It remained important to take a hard line on cohesion; in particular, we should argue for the removal of any link with economic and monetary union, and look carefully at the implications for other areas of the Treaty, with the aim of limiting as far as possible the scope for further Community expenditure.

In discussion of interior and justice issues, the following main points were made:

v. The text proposing creation of a separate inter-governmental pillar for interior and justice issues was acceptable. It provided for matters concerning asylum, immigration, combatting of drug addiction and fraud, judicial co-operation in civil and criminal matters, customs co-operation and police co-operation to be discussed in a Council of Ministers outside Community competence, much as happened at present for police and immigration matters in the Trevi/immigration framework. Article 1 would allow certain of these matters to be transferred into Community competence, but only by unanimous decision of the Council subsequently ratified by national Parliaments.

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w. In defending our right under Article 8A of the Treaty to retain controls over immigration at our own frontiers, we needed to rely on the argument that there was no general Community competence over third country nationals. Article 3(d) of the draft Treaty explicitly provided for the activities of the Community to include measures concerning the entry and movement of persons in the internal market; it was therefore unacceptable. Article 100C would also damage the United Kingdom's argument over competence for third country nationals and was similarly unacceptable in its present form.

x. Even if it were possible to remove from Article 100C all the specific areas identified in the present draft except for the list of third countries whose nationals must be in possession of a visa when crossing the Community's external border, the resulting text would still indicate some degree of competence over third country nationals; once that was conceded, it would be difficult to keep the ECJ out of this area. The Law Officers would provide a written assessment of their views on both an Article 100C with limited content and one initially containing no specified areas of Community competence.

y. It would be unwise to use the present negotiations to try to secure a Treaty amendment to reinforce our arguments over Article 8A. If we tried and - as was likely - failed, we would be left in a worse position than at present.

In discussion of common foreign and security policy (CFSP) and defence the following main points were made:

z. On CFSP two main problems remained. At the conclave there would be no point in seeking to refine further the text on QMV on which the United Kingdom's opposition was

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well known: it was too early to decide whether, short of a general rule, QMV might be allowable in any circumstances for implementing measures. On joint action, we had put language to the Presidency covering criteria which would make the concept acceptable (specificity; time limitation; reversibility and a national interest let-out clause).

aa. Discussions of texts on defence were continuing in the IGC, in the Western European Union (WEU) and in the North Atlantic Treaty Organisation (NATO). It was not yet clear what would emerge. The IGC text would have to be compatible with NATO obligations; a separate WEU declaration would have to make clear how that organisation would work and define its links with NATO on the one hand and the European Union on the other. The French, and to a lesser extent the Germans, were still using language which implied the subordination of WEU to the European defence Union which would be unacceptable. While it was important to ensure the compatibility of European defence structures with NATO, it would be undesirable to close the door on their further development as the American military presence in Europe ran down.

Summing up the discussion on this item, the PRIME MINISTER said that the Committee had endorsed the negotiating guidelines in OPD(91)17, subject to the further points agreed in discussion. The Law Officers would consider how far Article B of the citizenship text carried risks in relation to student grants and loans. A note should be circulated to Ministers setting out the limitations on the scope of Article 100A. Of the scope of the negative assent procedure, the Committee had reached agreement on the relative difficulty of the Articles currently proposed, while recognising the need to retain freedom of manoeuvre to strike the best overall deal at Maastricht. Further consideration was needed of our position on the social chapter, which represented a

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potential breaking point at Maastricht: the Secretariat would take this forward with the departments concerned on the basis of the Committee's discussion. The Law Officers would provide considered advice on the implications of a range of possible outcomes on interior/justice matters.

The Committee -

took note, with approval, of the Prime Minister's summing up of their discussion.

Invited Ministers concerned and the Secretariat to proceed accordingly.

ITEM 2: INTERGOVERNMENTAL CONFERENCE ON ECONOMIC AND MONETARY UNION (EMU)

The Committee considered a memorandum by the Chancellor of the Exchequer (OPD(91)18).

Introducing OPD(91)18, the CHANCELLOR OF THE EXCHEQUER said that little progress had been made in discussions in the Ministerial meeting of the EMU IGC on 24 and 25 November. There was an increasing tendency to leave matters to be settled at the last moment of the negotiations, and the Presidency, which was not handling discussions well, might be under-estimating the time that would be needed to resolve the remaining issues. The structure of the draft articles on EMU was broadly acceptable. There was a satisfactory distinction between stages 2 and 3, with monetary policy remaining in Member States' hands in Stage 2. The convergence conditions were satisfactory. He had indicated the United Kingdom's readiness to accept an independent European Central Bank (ECB) with ex post accountability to the Economic and Finance Ministers Council. Economic policy would remain a matter primarily for Member States in stages 2 and 3. On the outstanding issues, the Presidency text on transition to a

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single currency was satisfactory; the Law Officers had confirmed that it would not commit the United Kingdom to accepting a single currency. A clause of general application would be preferable, but we would come under pressure to accept a more specific text. Certain matters concerning stage 2 needed to be clarified: we should not be compelled to make the Bank of England independent during stage 2; and some technical points over the operation of overdraft arrangements with the Bank of England needed to be resolved. The procedure for dealing with excessive budgetary deficits was too heavy handed; Germany seemed determined, however, to have a tight provision. It might be necessary to accept a "bail-out" clause but, if so, it should be as narrowly drawn as possible. On cohesion, which arose in both IGCs, it would be important to avoid any text that allowed the creation of new funds. We should also argue for consultation with the European Parliament rather than the assent procedure in Article 130D.

In discussion of OPD(91)18, the following main points were made:

bb. The Law Officers had advised that the text on transition to stage 3 achieved the Government's objective of ensuring that the United Kingdom was not bound to move to a single currency without a separate decision at the appropriate time by the United Kingdom Government and Parliament. It was not considered that there was a risk that the ECJ could rule that, since the United Kingdom was committed to the principle of EMU under the early Treaty articles, it would have to subscribe to a single currency at some time: draft Article B of the Common Provisions and draft Articles 2 and 3A of the EEC Treaty would not fetter Parliament's freedom to decide whether to move to a single currency under the provisions on transition to stage 3. The Law Officers would nonetheless need to confirm this view when the final draft text was available.

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cc. Only Denmark explicitly supported the United Kingdom in seeking an exemption clause of general application. Some other Member States were critical.

dd. The monitoring provisions would provide no basis for community examination of pay policy.

ee. The Dutch Prime Minister had indicated on 22 November that he hoped to get agreement at Maastricht on the sites of a number of Community institutions, including the European Monetary Institute (EMI). He was, at least in part, motivated a wish to get the EMI, and later the ECB, established in the Netherlands. There was, however, no realistic prospect of agreement on these issues at Maastricht.

Summing up the discussion, the PRIME MINISTER said that the Committee had endorsed the general approach set out in the Chancellor's paper. There would be an opportunity for further collective discussion of both JGCs at Cabinet on 5 December.

The Committee -

Took note, with approval, of the Prime Minister's summing up of their discussion.

Invited the Chancellor of the Exchequer to be guided accordingly.

Cabinet Office
28 November 1991

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Foreign &
Commonwealth
Office

London SW1A 2AH

14 July 1993

Dear Melanie,

Mr Kenneth Baker's Memoirs

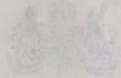
The Foreign Secretary has seen a copy of Sir Robin Butler's minute to the Prime Minister on Kenneth Baker's memoirs. The Foreign Secretary has doubts about insisting on deletion of the paragraph quoted. However, he thinks Mr Baker could perhaps be told that in the Foreign Secretary's view he is fundamentally mis-stating the position.

I am copying this letter to Roderic Lyne (No 10).

Yours ever,

(R J Sawers)
Private Secretary

Miss Melanie Leech
Cabinet Office



Commonwealth
Office

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The Foreign Secretary has been a copy of
 the Foreign Secretary's memorandum on the
 subject of the position of the Foreign Secretary
 in the event of a change of government. The
 memorandum is dated 12th July 1955 and is
 numbered F.S. 1000. It is a copy of the
 original memorandum which was submitted to
 the Foreign Secretary on 12th July 1955.
 The memorandum is a copy of the original
 memorandum which was submitted to the
 Foreign Secretary on 12th July 1955.
 The memorandum is a copy of the original
 memorandum which was submitted to the
 Foreign Secretary on 12th July 1955.

RECEIVED
 12 JUL 1955
 10 11 12 1 2 3 4 5 6 7 8 9 10 11 12

Miss Mervyn Peck
 Cabinet Office

CONFIDENTIAL

MR ALLAN

Mark attached
Please could you get me the
minutes of OPD for 26/11/91

Ala
14/7.

KENNETH BAKER'S MEMOIRS

I have looked through the meeting records from June to December 1991. I am afraid that I have only been able to track down one meeting record which suggests a disagreement between the PM, FCS and Mr Baker on EC Frontiers.

There was a meeting which took place over at the House of Commons just after the Euro debate on Thursday 21 November 1991 attended by the PM, FCS, Ch.Ex and Home Sec but it appears that no meeting record was produced (although Stephen Wall was present at the meeting). A further meeting took place on Monday 25 November 1991 which involved PM, FCS, Home Sec, Sir J Kerr and Mr Hadley. Stephen Wall was also present but, unfortunately, there is no sign of a meeting record.

The one meeting record I have found (attached at flag A) took place on 27 October 1991. Those present were the PM, FCS, Home Sec, Ch.Ex, Mr Garel-Jones, Sir John Kerr and Mr Langdon. Article 8A was discussed at this meeting.

There were further Cabinet Committee meetings (listed below) which may have discussed Article 8A. We have destroyed our copies of the minutes but we can obtain another set if required:-

OPD (Maastricht) on Thursday 26 November 1991.

OPD (IGC) on Monday 28 October 1991.

The Foreign Office have replied to FERB's minute and this is attached (flag B).

I hope this will suffice.

Mark Roberts,

MARK ROBERTS

14 July 1993

Mark
Mary *Hand*

Ala



Ref:A093/2271

PRIME MINISTER

Mr Kenneth Baker's memoirs

I am sorry to have to trouble you again with a point arising from Ministerial memoirs, so shortly after the issues on Lady Thatcher's memoirs.

2. I have been negotiating with Mr Baker about his memoirs in accordance with Radcliffe Conventions. Mr Baker is pretty free about disclosing the opinions expressed by Ministerial colleagues in policy discussions within government, but in accordance with the policy agreed when Ministers reviewed the matter early in the year, I have not sought to get these removed except where they seemed to me destructive of confidential relationships. I have taken the test of that as being disclosures of views which Ministerial colleagues would not want to see published even now.

3. I am left with one paragraph involving yourself and the Foreign Secretary on which I am in dispute with Mr Baker. It concerns the preparation for Maastricht and your and Foreign Secretary's alleged reluctance to raise Article 8A in the --- Maastricht negotiations. I attach the relevant paragraph. In replying to my representation about this paragraph, Mr Baker said:-

"You specifically ask me to delete the paragraph in Chapter 19, pages 27-28, concerning the meetings I had with John Major and Douglas Hurd. I have decided not to omit these. They took place and should be on the record that they took place. It also represents the view that I took about the Maastricht negotiations. As my views have been misrepresented in the past I think it is important that this should be on the record."



4. I am in no doubt that this paragraph contravenes the Radcliffe principles. It describes an internal discussion on a matter which still has political sensitivity. No doubt its inclusion will be exploited by the Press and by opponents of Maastricht, although the position which you and the Foreign Secretary adopted can be defended and the Maastricht debate should have been completed by the time Mr Baker's book comes out.
5. I would be glad to know whether you and the Foreign Secretary would wish me to go back to Mr Baker and press him further on your behalf to remove or amend the paragraph.
6. I am copying this minute to the Foreign Secretary.

R.R.B.

13 July 1993

I met the Prime Minister and Douglas Hurd separately on two occasions to urge this, and whilst they agreed that an extension of the Community's competence in this area should be resisted, they did not wish to raise the whole interpretation of Article 8A and the Declaration. They felt this would throw a spanner into the Maastricht negotiations and saw it as an awkward matter which would be inconvenient and counter-productive to re-open with EC colleagues. I was disappointed that Douglas, as a former Home Secretary, seemed not to appreciate, or take seriously, the fundamental nature of the European challenge to our sovereignty. The issue was swept under the carpet and never raised at the Maastricht meeting. We still remain on a collision course with the European Community over maintaining our frontier controls and when this collision occurs it will be the ultimate test of "who governs?", the national or the supranational state.

file with papers
on Lady Thatcher's
removal

Alex o/c.

3 Lombard Street
London EC3V 9AQ

8 July

Dear Alex,

I hope you have the
No. 10 staff well-trained in
hitting & boxing! It seems to
have gone well.

I had a go at
Mrs. T as promised. The results
are not particularly happy, but
you are getting a letter / have
got a letter making some
changes: so better than nothing.

The particularly offensive comment
('drop with the intellectual tide') has
been limited in its application
to one issue: but that won't
prevent the media making a meal
of it.

I am sorry not to have
done better, but any suggestions
are met with unreasonable
rage.

I had breakfast this morning
with David Heathcote - Amy: what
an excellent fellow he is.

Warm regards,

Yours ever,
Peter.



Ref. A093/2218

MR ALLAN

① Fax 1st 2 pages to Alex (Attachments can follow if required) MF.

② Alex ok

file

Lady Thatcher's Memoirs

As agreed, I have now taken up with Lady Thatcher the passages in her memoirs criticising the Prime Minister and Mr Rifkind, which seemed to me to fall foul of the Radcliffe recommendations about confidential relationships.

--- 2. I attach Lady Thatcher's reply. She has refused to modify the references to Mr Rifkind. As regards the Prime Minister, she has made some amendments. She has removed the criticism of him over the Central Council speech and she has slightly softened the criticisms in relation to the discussions on ERM and EMU. But these passages still contain some remarks which the Press will pick up and exploit.

3. I have now shot my bolt under the Radcliffe procedure. Under this heading of confidential relationships, Radcliffe says that authors should make clear what they are going to do so that the Prime Minister can, if he wishes, bring his influence to bear on them, but in the final resort it is for the author to decide whether to accept my advice or not.

4. The Prime Minister will no doubt want to consider whether there is any other leverage which he can apply to Lady Thatcher. If it is any consolation, these are the only four passages critical of the Prime Minister which I identified in a book of three hundred and twenty thousand words (although she did not show me the last chapter about the circumstances of her resignation and the leadership election). The other consolation



is that there is a passage in Mr Baker's memoirs, which I have also been reading, which puts into Lady Thatcher's mouth her reason for joining the ERM which contradicts the account in her own book by suggesting that her principal reason was economic rather than political, namely to enable interest rates to be --- brought down. I attach this extract from Mr Baker's book, which will come out shortly before Lady Thatcher's and which could be prayed in aid to counter this part of hers.

R.R.B.

ROBIN BUTLER

7 July 1993



MARGARET, THE LADY THATCHER, O.M., P.C., F.R.S.
HOUSE OF LORDS
LONDON SW1A 0PW-

6th July 1993



Jean Robt. ¹⁹⁹³

Thank you for your further letter of 1st July. I note that the only points on which you and the Prime Minister are still pressing for changes relate to passages concerning him and Malcolm Rifkind - that is the pages flagged as D to J. After careful thought, I have reached the following conclusions.

Flag D (Chapter 20, page 36). My account is entirely accurate. I remember the circumstances well and I have confirmed them with others who were present. However, I am prepared to remove this passage. I enclose the new text as **Revised D**. (I also enclose for reference the earlier flagged version, which perhaps you could return to me with the new versions.)

Flag E (Chapter 21, page 57). I am keeping these passages in the book. They are important to the story I am telling.

Flag F (Chapter 21, page 59). I am also keeping this passage. Since Malcolm Rifkind gave press interviews informing the general public of what he had done at the time I hardly think that it is necessary for me to obscure my views.

Flag G (Chapter 24, page 54). I am keeping this passage. It is important to my argument.

Flag H (Chapter 24, page 55). This is my own judgment and a matter of fair comment. I am keeping it.

Flag I (Chapter 24, page 57). I am prepared to make some changes to meet the Prime Minister's concerns. I have removed the words "the tired and unoriginal clichés" replacing them with "the slogans". I have changed the last sentence, replacing "tended to drift" with "was drifting". This changes the meaning from a general observation to the specific case. The new text is attached to this letter as **Revised I**.

Flag J (Chapter 24, page 64). I am not prepared to remove this passage. It is crucial to showing how the difference between the present Prime Minister and me over what was to become Maastricht was evident in our discussions from well before I left office.

Finally, may I say once again how grateful I am for the quick and efficient way in which you have commented on the text of my book.

Y
Lansdown

Langford

Sir Robin Butler GCB CVO
Secretary of the Cabinet and Head of the Home Civil Service

up Whitehall as I was addressing the Central Council in Cheltenham.

I began my speech with what was to be the first of a number of increasingly risky jokes about the political threat to my leadership. Cheltenham's reputation as the traditional retirement centre for those who governed our former empire provided the peg. I began:

It's a very great pleasure to be in Cheltenham once again. To avoid any possible misunderstanding, and at the risk of disappointing a few gallant colonels, let me make one thing absolutely clear: I haven't come to Cheltenham to retire.

I then went almost immediately to the heart of the issue about which the Party was agonising.

Many of the bills for the community charge which people are now receiving are far too high. I share the outrage they feel. But let's be clear: it's not the way the money is raised, it's the amount of money that local government is spending. That's the real problem. No scheme, no matter how ingenious, could pay for high spending with low charges.

But I did go on to announce a number of limited special reliefs. Even this modest package had necessitated my tearing up a feeble draft from the Treasury and writing it myself. John Major, whom I had previously asked to draft the relevant paragraphs, did not seem to have grasped just how grave the crisis was and how vital it was to give our supporters some future assurance to assuage their present anger. Given the weak draft, the absence of colleagues and the late hour,

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But I did go on to announce a number of limited special reliefs. Even this modest package had necessitated my tearing up a feeble draft from the Treasury and writing it myself. Given the weak draft, the absence of colleagues and the late hour, however, I was not able to write into my speech assurances of the weight and substance I would have liked. So I had to content myself with hinting at my ideas about further capping powers to deal with over-spenders.

had been done and schools had effective governing bodies there was no reason to prevent their seeking Grant Maintained status. Yet Malcolm resisted this. After receiving advice from the parliamentary business managers about the pressure on the legislative timetable, I reluctantly agreed that opting out provisions should not be included in his first Education Bill. But I pressed that such a provision should be included in the next Session's Scottish Education Bill. Malcolm, claimed that there was not sufficient demand for opting out in Scotland. However, from my postbag and Brian Griffiths' enquiries I knew otherwise, I insisted and had my way. In 1989 legislation was accordingly introduced to bring the opportunity of Grant Maintained schools to Scotland.

Whatever the obstruction from Malcolm Rifkind, Michael Forsyth and I were not alone in believing that real changes to reduce the role of the state in Scotland were both necessary and possible. In housing, for example, "Scottish Homes" - established in May 1989 - developed attractive and imaginative schemes to provide more choice for public sector tenants and to renovate run down houses, selling some and letting others. Indeed, the organisation generally proved more innovative than DoE efforts through Estate Action programmes in England. As regards the Government's role in industry, Bill Hughes - Chairman of the Scottish CBI whom I later appointed Deputy Chairman of the Scottish Conservative Party - devised "Scottish Enterprise", which mobilised private sector business to take over the functions of the old, more interventionist, Scottish Development Agency (SDA) and other bodies.

between him and Malcolm became steadily worse. A full scale campaign of vilification was launched by Michael's enemies and the Scottish press was full of talk of splits and factions.

Malcolm Rifkind now also fell back with a vengeance on the old counter-productive tactic of proving his Scottish virility by posturing as Scotland's defender against Thatcherism. In March 1990, John Major delivered his first budget. Coming on the eve of the introduction of the Community Charge in England and Wales, it doubled from £8,000 to £16,000 the amount of savings a person could have and still not lose entitlement to Community Charge benefit. This reflected the argument - with which I instinctively had much sympathy - that too great a squeeze was being exerted on those who had been prudent enough to put aside some savings. Malcolm Rifkind raised no objection when this was announced to Cabinet before the budget. Nor did he make any special demands for Scotland. But the announcement provoked an outcry in Scotland where the Community Charge had been introduced one year earlier and where the critics accordingly wanted the community charge benefit change backdated. Under fire, Malcolm did not stand by John Major's decision. He now entered into heavily leaked discussions with me and John Major to have the change made retrospective for Scotland. Very reluctantly, I agreed that a special payment should be made to those concerned in Scotland from within the Scottish Office budget. Having damaged the reception of John's skilfully conceived budget, Malcolm then went on to revel publicly in Scotland in his "victory". It was suggested that he had only secured these changes by threatening

had turned sharply downwards: the RPI figure too was just on the turn, after reaching almost 11% - a figure I had never believed would be reached again while I was Prime Minister.

On the questions of the ERM and EMU, I was increasingly conscious of dealing with a very different sort of Chancellor than Nigel. John Major - perhaps because he had made his name as a whip, or perhaps because he is unexcited by the sort of concepts which people like Nigel and I saw as central to politics - had one great objective: this was to keep the Party together. To him that meant that we must enter the ERM as soon as possible to relieve the political strains. This primacy of politics over economics - an odd attribute in a Treasury Minister - also meant that John was attracted by a fudge on EMU which would assuage the anxieties of the timorous Europhiles in the Party that we would otherwise be "isolated". On ERM, much as I continued to dislike the system and distrust its purpose, I had agreed the principle at Madrid subject to the conditions expressed. Eventually, I was to go along with what John wanted. On EMU, which for me went to the very heart not just of the debate about Europe's future but about Britain's future as a democratic, sovereign state, I was not prepared to compromise.

Discussions about ERM and EMU: 1990

From the spring of 1990 I discussed the ERM-with John Major on a fairly regular basis. When I saw him on the morning of Thursday 29th March I said that I did not believe that the conditions for our membership had yet been met. Although the issue of the timing of membership would need to be considered in the run-up to the next election it would in any event be out of the question to publish a precise date by which the UK would join. I was glad to find that John agreed with me. Unlike Geoffrey and Nigel, he realised that to set an advance date for joining would leave us at the mercy of the markets. But it was increasingly clear that he still wanted us to join soon. He said that bearing in mind the likely favourable impact of entry into the ERM on political sentiment and in turn on sentiment in the markets, it would be easier to bring interest rates down and maintain a firm exchange rate if we were inside rather than outside the ERM. That sounded all too like Nigel's cracked record to the effect that you should steer by the exchange rate rather than by the money supply. Alas, that policy had steered us into inflation. John's approach was that if the Party and the Government united around the policy and we looked like winning the next election, the economic prospect would improve as well. But I knew full well that whenever you take economic decisions for political purposes, you run considerable risks.

A few days later I discussed EMU and the Delors Report with John. He said that he would be minuting me with his conclusions on the best way forward. He said that the strategy must be to slow down the advance towards Stages 2 and 3 of

out a number of options as to how we might proceed. Of these the option which he recommended - and which was ultimately to be developed further at Maastricht - was to work for a treaty which gave a full definition of EMU and the institutions necessary for its final stage (together with any transitional stage, if agreed) but then allowed an "opting-in" mechanism for Member States. This would allow them to join in the new Stage 3 arrangements - that is the single currency - at their own pace. He believed that this should be the goal we should work for as the outcome to the IGC. At a meeting with me on Wednesday 18th April, John rehearsed the arguments of his paper, emphasising that the goal of full EMU as described by Delors was shared by all except the United Kingdom.

I agreed neither with John's analysis nor his conclusion. I said that the Government could not subscribe to a Treaty amendment containing the full Delors definition of EMU. Further work should be done to develop our proposal for a European Monetary Fund which we could put forward as the most that it was necessary for the Community to agree upon for now. I was extremely disturbed to find that the Chancellor had swallowed so quickly all the tired and unoriginal clichés of the European lobby. At this point, however, I felt that I should hold my fire. John was new to the job. He was right to be searching for a way forward which would attract allies in Europe as well as convince Conservative MPs of our reasonableness. But it was already clear that he was thinking in terms of compromises which would not be acceptable to me and that intellectually he tended to drift with the tide.

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No Compromise with EMU

As I have explained, the attitude taken by Britain and the rest of the Community to EMU had a bearing on the operation and development of the ERM. But, of course, EMU was a far greater question. The sense that I had had at my meeting with John Major in April that he was going wobbly on this, increased when I received a further paper from him a little later, at the end of May. John's paper contained all the now familiar phrases about the prospect of a "two tier Europe" - on which I noted "What's wrong with that if the other tier is going in the wrong direction?" - and the awful possibility of the other eleven negotiating a separate treaty for EMU - on which I wrote "So be it. Germany and France would have to pay all the regional subventions - OR there would be NONE in which case the poorer nations could NOT agree". Quite apart from this tendency to be defeated by platitudes, which I found disturbing, it did not seem to me that John, who prided himself on his tactical political sense, had thought through the implications for the rest of the Community countries if they had to go ahead without us.

So at our meeting on the evening of Thursday 31st May I tried to stiffen John's resolve and widen his vision. He reiterated his concern that we would find ourselves "isolated" in the run up to a general election. He argued that to avoid this we should agree to a Treaty amendment establishing the aim of full EMU, but insist on an "opting-in" provision which left it to individual member states whether and when to join. I rejected this. I said that it was psychologically wrong to put ourselves in a frame of mind in which we accepted the

I have never been in favour of a system of fixed parities which included sterling. In 1925 Churchill put Britain back on the Gold Standard and later he recognised this was his major mistake which made the slump much worse. We did not really begin to recover until 1931 when we left the Gold Standard. Churchill's comment on his unhappy tenure of the Chancellorship was that he had wished "that finance had not been so proud". I was a junior minister in 1972 when the Bretton Woods System finally collapsed. We had done all that we could to maintain it but it, too, was doomed. I welcomed the fact that we would be returning to floating exchange rates.

I had seen the damage that Nigel Lawson's policy of shadowing the Deutschmark since 1986 had done. It had increased the money supply and intensified inflationary pressures just at the time when we should have been increasing interest rates to dampen down the boom. The undoubted collective view of most economists was that by joining the ERM Britain would be able to contain inflationary pressures better. In 'The Daily Telegraph' Sarah Hogg, later to become head of John Major's No.10 Policy Unit, regularly argued that "the ERM was the best solution for all our woes".

I warned Margaret that by joining we would be tying ourselves to the German economy just at the time when it was going to have to face the massive cost of reunification. I could not see any prospect of interest rates falling and as we would no longer be in control of our own interest rates we would be boxed in during the run-up to an election. Margaret was not enthusiastic but she had been persuaded. This was the only way to get a cut in interest rates and that was her prevailing passion. John Major had proposed a 1% cut and this she seized upon. She said, "Kenneth I have secured a 1% cut and when we join we will be able to adjust the value of sterling. I have been assured that we will have that flexibility". The decision had been made and I

could not dissuade her. I then argued against 2.95Dm and said that if we were to go in it should be at 2.70Dm or lower. Again, I had no success.

The decision was a major disaster and committed us to enduring a deeper and longer recession than we need have suffered. However, the press was unanimous in praising the Government. 'The Financial Times' stated authoritatively that "the time was ripe". 'The Guardian' heralded it "as a long term move of enormous economic importance which would lead to a further reduction in interest rates". 'The Independent' crowed that "joining the ERM will have much more far-reaching economic consequences in speeding the pace of integration in Europe". Alan Budd in 'The Times' rejoiced, "At last! ERM is the end of an experiment". Sarah Hogg in 'The Daily Telegraph' was triumphant. A profile in 'The Sunday Times' said of John Major that he was "a new model for the Tories as they look to the post-Thatcherite years". The only sceptical voice raised was from that fine and far-sighted journalist Peter Jenkins who wrote, "it could prove that Mrs Thatcher has joined when the time was wrong".

THE PARTY CONFERENCE, OCTOBER 1990

The Party Conference took place in Bournemouth which had only quite recently joined Blackpool and Brighton as a venue for our annual jamborees. Most politicians prefer Blackpool because the Winter Gardens is the only large auditorium left in the country whose style and character create a political atmosphere. The halls of Brighton and Bournemouth have the feel of hygienic theatres and speaking in them is like proclaiming into a void surrounded by cotton wool. The conference hotels are different too. The Imperial at Blackpool and The Grand at Brighton, now rebuilt after the bombing, evoke memories of Victorian

Prime Minister

Only a very little movement. I hope Charles Powell will, in particular, have a go at "drifting with the tide" and persuade her to remove it. Also a/7. ✓

Ref. A09342218

MR ALLAN ✓

① Fax 1st 2 pages P.2
Alex (Attachments
can follow if
required)
MF.

② Alex o/r

Lady Thatcher's Memoirs

As agreed, I have now taken up with Lady Thatcher the passages in her memoirs criticising the Prime Minister and Mr Rifkind, which seemed to me to fall foul of the Radcliffe recommendations about confidential relationships.

2. I attach Lady Thatcher's reply. She has refused to modify the references to Mr Rifkind. As regards the Prime Minister, she has made some amendments. She has removed the criticism of him over the Central Council speech and she has slightly softened the criticisms in relation to the discussions on ERM and EMU. But these passages still contain some remarks which the Press will pick up and exploit.

3. I have now shot my bolt under the Radcliffe procedure. Under this heading of confidential relationships, Radcliffe says that authors should make clear what they are going to do so that the Prime Minister can, if he wishes, bring his influence to bear on them, but in the final resort it is for the author to decide whether to accept my advice or not.

4. The Prime Minister will no doubt want to consider whether there is any other leverage which he can apply to Lady Thatcher. If it is any consolation, these are the only four passages critical of the Prime Minister which I identified in a book of three hundred and twenty thousand words (although she did not show me the last chapter about the circumstances of her resignation and the leadership election). The other consolation

*Prime Minister
Only a very little
date*

is that there is a passage in Mr Baker's memoirs, which I have also been reading, which puts into Lady Thatcher's mouth her reason for joining the ERM which contradicts the account in her own book by suggesting that her principal reason was economic rather than political, namely to enable interest rates to be brought down. I attach this extract from Mr Baker's book, which will come out shortly before Lady Thatcher's and which could be prayed in aid to counter this part of hers.

R.R.B.

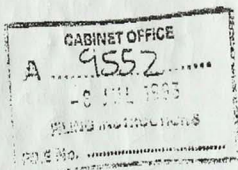
ROBIN BUTLER

7 July 1993



MARGARET, THE LADY THATCHER, O.M., P.C., F.R.S.
HOUSE OF LORDS
LONDON SW1A 0PW

6th July 1993



Jean Robin ¹⁹⁸³

Thank you for your further letter of 1st July. I note that the only points on which you and the Prime Minister are still pressing for changes relate to passages concerning him and Malcolm Rifkind - that is the pages flagged as D to J. After careful thought, I have reached the following conclusions.

Flag D (Chapter 20, page 36). My account is entirely accurate. I remember the circumstances well and I have confirmed them with others who were present. However, I am prepared to remove this passage. I enclose the new text as **Revised D.** (I also enclose for reference the earlier flagged version, which perhaps you could return to me with the new versions.)

Flag E (Chapter 21, page 57). I am keeping these passages in the book. They are important to the story I am telling.

Flag F (Chapter 21, page 59). I am also keeping this passage. Since Malcolm Rifkind gave press interviews informing the general public of what he had done at the time I hardly think that it is necessary for me to obscure my views.

Flag G (Chapter 24, page 54). I am keeping this passage. It is important to my argument.

Flag H (Chapter 24, page 55). This is my own judgment and a matter of fair comment. I am keeping it.

Flag I (Chapter 24, page 57). I am prepared to make some changes to meet the Prime Minister's concerns. I have removed the words "the tired and unoriginal clichés" replacing them with "the slogans". I have changed the last sentence, replacing "tended to drift" with "was drifting". This changes the meaning from a general observation to the specific case. The new text is attached to this letter as **Revised I.**

no letter

- 2 -

Flag J (Chapter 24, page 64). ~~I am not prepared to remove this passage.~~ It is crucial to showing how the difference between the present Prime Minister and me over what was to become Maastricht was evident in our discussions from well before I left office.

Finally, may I say once again how grateful I am for the quick and efficient way in which you have commented on the text of my book.

Yours ever

Theresa

Sir Robin Butler GCB CVO
Secretary of the Cabinet and Head of the Home Civil Service

4

D

up Whitehall as I was addressing the Central Council in Cheltenham.

I began my speech with what was to be the first of a number of increasingly risky jokes about the political threat to my leadership. Cheltenham's reputation as the traditional retirement centre for those who governed our former empire provided the peg. I began:

It's a very great pleasure to be in Cheltenham once again. To avoid any possible misunderstanding, and at the risk of disappointing a few gallant colonels, let me make one thing absolutely clear: I haven't come to Cheltenham to retire.

I then went almost immediately to the heart of the issue about which the Party was agonising.

Many of the bills for the community charge which people are now receiving are far too high. I share the outrage they feel. But let's be clear: it's not the way the money is raised, it's the amount of money that local government is spending. That's the real problem. No scheme, no matter how ingenious, could pay for high spending with low charges.

But I did go on to announce a number of limited special reliefs. Even this modest package had necessitated my tearing up a feeble draft from the Treasury and writing it myself. John Major, whom I had previously asked to draft the relevant paragraphs, did not seem to have grasped just how grave the crisis was and how vital it was to give our supporters some future assurance to assuage their present anger. Given the weak draft, the absence of colleagues and the late hour,

now omitted
- see below

REVISED D

Chapter 22

A little local difficulty

36

up Whitehall as I was addressing the Central Council in Cheltenham.

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But I did go on to announce a number of limited special reliefs. Even this modest package had necessitated my tearing up a feeble draft from the Treasury and writing it myself. Given the weak draft, the absence of colleagues and the late hour, however, I was not able to write into my speech assurances of the weight and substance I would have liked. So I had to content myself with hinting at my ideas about further capping powers to deal with over-spenders.

EChapter 20 *An improving disposition*

57

had been done and schools had effective governing bodies there was no reason to prevent their seeking Grant Maintained status. Yet Malcolm resisted this. After receiving advice from the parliamentary business managers about the pressure on the legislative timetable, I reluctantly agreed that opting out provisions should not be included in his first Education Bill. But I pressed that such a provision should be included in the next Session's Scottish Education Bill. Malcolm, claimed that there was not sufficient demand for opting out in Scotland. However, from my postbag and Brian Griffiths' enquiries I knew otherwise, I insisted and had my way. In 1989 legislation was accordingly introduced to bring the opportunity of Grant Maintained schools to Scotland.

Whatever the obstruction from Malcolm Rifkind, Michael Forsyth and I were not alone in believing that real changes to reduce the role of the state in Scotland were both necessary and possible. In housing, for example, "Scottish Homes" - established in May 1989 - developed attractive and imaginative schemes to provide more choice for public sector tenants and to renovate run down houses, selling some and letting others. Indeed, the organisation generally proved more innovative than DoE efforts through Estate Action programmes in England. As regards the Government's role in industry, Bill Hughes - Chairman of the Scottish CBI whom I later appointed Deputy Chairman of the Scottish Conservative Party - devised "Scottish Enterprise", which mobilised private sector business to take over the functions of the old, more interventionist, Scottish Development Agency (SDA) and other bodies.

M

f

between him and Malcolm became steadily worse. A full scale campaign of vilification was launched by Michael's enemies and the Scottish press was full of talk of splits and factions.

Malcolm Rifkind now also fell back with a vengeance on the old counter-productive tactic of proving his Scottish virility by posturing as Scotland's defender against Thatcherism. In March 1990, John Major delivered his first budget. Coming on the eve of the introduction of the Community Charge in England and Wales, it doubled from £8,000 to £16,000 the amount of savings a person could have and still not lose entitlement to Community Charge benefit. This reflected the argument - with which I instinctively had much sympathy - that too great a squeeze was being exerted on those who had been prudent enough to put aside some savings. Malcolm Rifkind raised no objection when this was announced to Cabinet before the budget. Nor did he make any special demands for Scotland. But the announcement provoked an outcry in Scotland where the Community Charge had been introduced one year earlier and where the critics accordingly wanted the community charge benefit change backdated. Under fire, Malcolm did not stand by John Major's decision. He now entered into heavily leaked discussions with me and John Major to have the change made retrospective for Scotland. Very reluctantly, I agreed that a special payment should be made to those concerned in Scotland from within the Scottish Office budget. Having damaged the reception of John's skilfully conceived budget, Malcolm then went on to revel publicly in Scotland in his "victory". It was suggested that he had only secured these changes by threatening

G

had turned sharply downwards: the RPI figure too was just on the turn, after reaching almost 11% - a figure I had never believed would be reached again while I was Prime Minister.

On the questions of the ERM and EMU, I was increasingly conscious of dealing with a very different sort of Chancellor than Nigel. John Major - perhaps because he had made his name as a whip, or perhaps because he is unexcited by the sort of concepts which people like Nigel and I saw as central to politics - had one great objective: this was to keep the Party together. To him that meant that we must enter the ERM as soon as possible to relieve the political strains. This primacy of politics over economics - an odd attribute in a Treasury Minister - also meant that John was attracted by a fudge on EMU which would assuage the anxieties of the timorous Europhiles in the Party that we would otherwise be "isolated". On ERM, much as I continued to dislike the system and distrust its purpose, I had agreed the principle at Madrid subject to the conditions expressed. Eventually, I was to go along with what John wanted. On EMU, which for me went to the very heart not just of the debate about Europe's future but about Britain's future as a democratic, sovereign state, I was not prepared to compromise.

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Discussions about ERM and EMU: 1990

From the spring of 1990 I discussed the ERM—with John Major on a fairly regular basis. When I saw him on the morning of Thursday 29th March I said that I did not believe that the conditions for our membership had yet been met. Although the issue of the timing of membership would need to be considered in the run-up to the next election it would in any event be out of the question to publish a precise date by which the UK would join. I was glad to find that John agreed with me. Unlike Geoffrey and Nigel, he realised that to set an advance date for joining would leave us at the mercy of the markets. But it was increasingly clear that he still wanted us to join soon. He said that bearing in mind the likely favourable impact of entry into the ERM on political sentiment and in turn on sentiment in the markets, it would be easier to bring interest rates down and maintain a firm exchange rate if we were inside rather than outside the ERM. That sounded all too like Nigel's cracked record to the effect that you should steer by the exchange rate rather than by the money supply. Alas, that policy had steered us into inflation. John's approach was that if the Party and the Government united around the policy and we looked like winning the next election, the economic prospect would improve as well. But I knew full well that whenever you take economic decisions for political purposes, you run considerable risks.

A few days later I discussed EMU and the Delors Report with John. He said that he would be minuting me with his conclusions on the best way forward. He said that the strategy must be to slow down the advance towards Stages 2 and 3 of

I

Chapter 24

Floaters and Fixers

57

out a number of options as to how we might proceed. Of these the option which he recommended - and which was ultimately to be developed further at Maastricht - was to work for a treaty which gave a full definition of EMU and the institutions necessary for its final stage (together with any transitional stage, if agreed) but then allowed an "opting-in" mechanism for Member States. This would allow them to join in the new Stage 3 arrangements - that is the single currency - at their own pace. He believed that this should be the goal we should work for as the outcome to the IGC. At a meeting with me on Wednesday 18th April, John rehearsed the arguments of his paper, emphasising that the goal of full EMU as described by Delors was shared by all except the United Kingdom.

I agreed neither with John's analysis nor his conclusion. I said that the Government could not subscribe to a Treaty amendment containing the full Delors definition of EMU. Further work should be done to develop our proposal for a European Monetary Fund which we could put forward as the most that it was necessary for the Community to agree upon for now. I was extremely disturbed to find that the Chancellor had swallowed so quickly all the tired and unoriginal clichés of the European lobby. At this point, however, I felt that I should hold my fire. John was new to the job. He was right to be searching for a way forward which would attract allies in Europe as well as convince Conservative MPs of our reasonableness. But it was already clear that he was thinking in terms of compromises which would not be acceptable to me and that intellectually he tended to drift with the tide.

amended
see below

amended
see below

Chapter 24

Floaters and Fixers

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J

No Compromise with EMU

As I have explained, the attitude taken by Britain and the rest of the Community to EMU had a bearing on the operation and development of the ERM. But, of course, EMU was a far greater question. The sense that I had had at my meeting with John Major in April that he was going wobbly on this, increased when I received a further paper from him a little later, at the end of May. John's paper contained all the now familiar phrases about the prospect of a "two tier Europe" - on which I noted "What's wrong with that if the other tier is going in the wrong direction?" - and the awful possibility of the other eleven negotiating a separate treaty for EMU - on which I wrote "So be it. Germany and France would have to pay all the regional subventions - OR there would be NONE in which case the poorer nations could NOT agree". Quite apart from this tendency to be defeated by platitudes, which I found disturbing, it did not seem to me that John, who prided himself on his tactical political sense, had thought through the implications for the rest of the Community countries if they had to go ahead without us.

So at our meeting on the evening of Thursday 31st May I tried to stiffen John's resolve and widen his vision. He reiterated his concern that we would find ourselves "isolated" in the run up to a general election. He argued that to avoid this we should agree to a Treaty amendment establishing the aim of full EMU, but insist on an "opting-in" provision which left it to individual member states whether and when to join. I rejected this. I said that it was psychologically wrong to put ourselves in a frame of mind in which we accepted the

EXTRACT FROM MR BAKER'S BOOK

I have never been in favour of a system of fixed parities which included sterling. In 1925 Churchill put Britain back on the Gold Standard and later he recognised this was his major mistake which made the slump much worse. We did not really begin to recover until 1931 when we left the Gold Standard. Churchill's comment on his unhappy tenure of the Chancellorship was that he had wished "that finance had not been so proud". I was a junior minister in 1972 when the Bretton Woods System finally collapsed. We had done all that we could to maintain it but it, too, was doomed. I welcomed the fact that we would be returning to floating exchange rates.

I had seen the damage that Nigel Lawson's policy of shadowing the Deutschmark since 1986 had done. It had increased the money supply and intensified inflationary pressures just at the time when we should have been increasing interest rates to dampen down the boom. The undoubted collective view of most economists was that by joining the ERM Britain would be able to contain inflationary pressures better. In 'The Daily Telegraph' Sarah Hogg, later to become head of John Major's No.10 Policy Unit, regularly argued that "the ERM was the best solution for all our woes".

I warned Margaret that by joining we would be tying ourselves to the German economy just at the time when it was going to have to face the massive cost of reunification. I could not see any prospect of interest rates falling and as we would no longer be in control of our own interest rates we would be boxed in during the run-up to an election. Margaret was not enthusiastic but she had been persuaded. This was the only way to get a cut in interest rates and that was her prevailing passion. John Major had proposed a 1% cut and this she seized upon. She said, "Kenneth I have secured a 1% cut and when we join we will be able to adjust the value of sterling. I have been assured that we will have that flexibility". The decision had been made and I

could not dissuade her. I then argued against 2.95Dm and said that if we were to go in it should be at 2.70Dm or lower. Again, I had no success.

The decision was a major disaster and committed us to enduring a deeper and longer recession than we need have suffered. However, the press was unanimous in praising the Government. 'The Financial Times' stated authoritatively that "the time was ripe". 'The Guardian' heralded it "as a long term move of enormous economic importance which would lead to a further reduction in interest rates". 'The Independent' crowed that "joining the ERM will have much more far-reaching economic consequences in speeding the pace of integration in Europe". Alan Budd in 'The Times' rejoiced, "At last! ERM is the end of an experiment". Sarah Hogg in 'The Daily Telegraph' was triumphant. A profile in 'The Sunday Times' said of John Major that he was "a new model for the Tories as they look to the post-Thatcherite years". There only sceptical voice raised was from that fine and far-sighted journalist Peter Jenkins who wrote, "it could prove that Mrs Thatcher has joined when the time was wrong".

THE PARTY CONFERENCE, OCTOBER 1990

The Party Conference took place in Bournemouth which had only quite recently joined Blackpool and Brighton as a venue for our annual jamborees. Most politicians prefer Blackpool because the Winter Gardens is the only large auditorium left in the country whose style and character create a political atmosphere. The halls of Brighton and Bournemouth have the feel of hygienic theatres and speaking in them is like proclaiming into a void surrounded by cotton wool. The conference hotels are different too. The Imperial at Blackpool and The Grand at Brighton, now rebuilt after the bombing, evoke memories of Victorian

✓ Hle

PRIME MINISTER

LADY THATCHER'S MEMOIRS

M. H. Butler

See Robin Butler's note below.

There are five passages about you in Robin's list (flags D,G,H,I and J).

It's not true

D: This refers to your being slow to grasp how essential it was to provide poll tax reliefs. This is slightly awkward, if it is seen as you being resistant to helping her solve one of the issues that brought her down. But you were a Treasury Minister, and I don't myself see this as too damaging.

G: This relates to ERM/EMU when you were Chancellor (and you need to look also at the bits before and after the passage Robin has highlighted). The references to "the primacy of politics over economics" and your being "attracted by a fudge over EMU" are not helpful. But they need to be seen in the context of her criticizing you as having as your great objective "to keep the party together" - hardly a hanging offence.

H: In the same vein, this criticises you for taking "economic decisions for political purposes". This is more awkward, given the read across to Norman Lamont's remarks. Once again, it is in the context of you trying to unite the Party and the Government and win the next General Election, something she seems to place a low weight on.

I: This is much the most damaging, saying that "intellectually [you] tended to drift with the tide". It also says you "swallowed so quickly all the tired and unoriginal clichés of the European lobby". It is placed in the context of your putting forward the idea of an "opt-out" of EMU which you eventually negotiated. In this

PERSONAL AND CONFIDENTIAL

- 2 -

context, we could justifiably say she was completely out of touch with reality and your approach has been justified by events. But such remarks are never quoted in context.


J: This is a further diatribe against the "opt-out".

The passages about Francis Pym breach the Radcliffe Rules by revealing that he argued for accepting an unsatisfactory peace settlement with Argentina. I am not sure, given the passage of time, that this is very damaging. The passages about Malcolm Rifkind reveal him fighting against opting out for schools in Scotland, and reversing tack and behaving pretty badly in getting special poll tax help in Scotland.

The issue with all of this is how enforceable the Radcliffe rules are in present circumstances. Lady Thatcher could, for example, argue that Nigel Lawson was allowed to get away with much more in his book. There is a particular awkwardness in trying to enforce them in relation to comments about you yourself. I should have thought the options were either

- (i) back Robin's views on the interpretation of the Radcliffe rules and ask him to go back into battle for all the changes as a package; or
- (ii) concentrate on the passages about you that would be particularly damaging, in which case it would probably be better to get someone else to approach Lady Thatcher - I am sure you should not do it yourself.

A word with Robin after OPD(K) tomorrow morning?


ALEX ALLAN

30 June 1993

PERSONAL AND CONFIDENTIAL



✓ file

Ref: AO93/2159

PRIME MINISTERLady Thatcher's Memoirs

Lady Thatcher has sent me the type script of her memoirs in accordance with the Radcliffe recommendations. She has sent me the whole text, apart from the last chapter dealing with the circumstances of her resignation (including the Leadership Election and her conversations with Cabinet colleagues) which she says is entirely personal and political. I have sent her my comments on the text and she has now responded.

2. Under the Radcliffe recommendations, I am required to identify passages which could be damaging under three headings - disclosures contravening the requirements of national security, disclosures injurious to international relations and information destructive of confidential relationships within Government. Radcliffe says that, under the first two headings, the author should be expected to comply with my suggestions if they are endorsed by the Prime Minister. For the third category - information destructive of confidential relationships - Radcliffe says that the author should pay careful attention to my advice but is ultimately responsible for deciding what to say. If authors decide not to take the Cabinet Secretary's advice they should let me know so that before publication there may be time for the Prime Minister's own direct influence to be brought to bear, if the Prime Minister wishes.

3. I made one comment under the heading of national security, which Lady Thatcher has accepted. I made a small number under international relations, mainly relating to Lady Thatcher's



discussions with Chancellor Kohl and President Mitterrand about German reunification. Lady Thatcher has made some amendments to meet these points, although she has not complied with them in full. Nevertheless, I think that the passages which remain, although they may give some offence to the French and the Germans, are more likely to stimulate resentment towards her than to damage relations with the UK. Her attitude on these matters is, after all, well known.

4. On disclosures destructive of confidential relationships, I take the view that authors should not disclose internal exchanges within the 15 year period recommended by Radcliffe, if the other party is entitled to expect that they took place in confidence and would not wish to have them disclosed. I have taken a fairly liberal view about Lady Thatcher's arguments with Lord Howe and Lord Lawson: although she makes no bones about her differences with them, she is not ungenerous towards them and the positions they took are already well known. Some of my other suggestions Lady Thatcher has accepted. But there are three sets of passages where, although Lady Thatcher has gone some way to meeting my comments, she has not met them in full. These are --- attached. They are:

- i the argument with Lord Pym whether to accept the American peace plan for the Falklands (Flags A-C attached);

- ii her comment on your contribution to the Central Council speech on community charge (Flag D) and her exchanges with you on ERM and EMU (Flags G-J);
--- X
- iii differences with Mr Rifkind over schools opting out and community charge relief in Scotland (Flags E and F).



5. Lady Thatcher has resisted deleting or further modifying the passages I have highlighted on the grounds that they are accurate, fair comment or important to her story. But that is not really the point. The point is that these were internal exchanges which her Ministerial colleagues were entitled to expect her to treat in confidence.

6. On the passages relating to her differences with Lord Pym in 1982, I am inclined not to press her further, both because they took place a long time ago and because these differences are fairly well known. As regards the more recent accounts of discussions with Mr Rifkind and yourself, there are three options:-

- i to let them go in their present form;
- ii for you to ask me to go back to Lady Thatcher on your behalf, repeating the arguments for taking them out or amending them in accordance with the Radcliffe recommendations as summarised above;
- iii for you to contact Lady Thatcher directly, or get someone else to do so on your behalf.

7. The view that you take on these options will no doubt depend on the extent to which you regard the remaining passages as a breach of confidence on Lady Thatcher's part. If you do so, I would be prepared to go back to Lady Thatcher on your behalf - I have so far told her that I have not consulted you on my suggestions but would have to do so if she did not accept them. Depending on how strongly you feel, I would suggest that we try option ii and then consider whether to pursue option iii. Lady Thatcher can only say "no" - although she probably will!

R.R.B.

ROBIN BUTLER

30 June 1993

Admiral Fieldhouse and his wife, Midge, before returning to No.10.

Francis Pym was now on his way back from the United States with new draft proposals.

Saturday 24th April was to be one of the most crucial days in the Falklands story and a critical one for me personally. Early that morning Francis came to my study in No.10 to tell me the results of his efforts. I can only describe the document which he brought back as conditional surrender. Al Haig was a powerful persuader and anyone on the other side of the table had to stand up to him, not give ground. Mr Haig had clearly played upon the imminence of hostilities and the risk that Britain would lose international support if fighting broke out. I told Francis that the terms were totally unacceptable. They would rob the Falklanders of their freedom and Britain of her honour and respect. **Francis disagreed. He thought that we should accept what was in the document. We were at loggerheads.**

A meeting of the War Cabinet had been arranged for that evening and I spent the rest of that day comparing in detail all the different proposals which had been made up to that point in the diplomacy. The closer I looked the clearer it was that our position was being abandoned and the Falklanders betrayed. I asked for the Attorney-General to come to No.10 and go through them with me. But the message went astray and instead he went to the Foreign Office. Less than an hour before the War Cabinet, he at last received the message and came to see me, only to confirm all my worst fears.

It is important to understand that what might appear at first glance to the untutored eye as minor variations in language between diplomatic texts can be of vital significance, as they were in this case. There were four main texts to compare. There were the proposals which Al Haig discussed with us and took to Argentina on 12th April. Our own attitude towards these had been left deliberately vague: though he had discussed them in detail with us, we had not committed ourselves to accept them. Then there were the totally impossible proposals brought back by Mr Haig after his visit to Buenos Aires on 19th April. On 22nd April we amended those proposals in ways acceptable to us and it was on this basis that Francis Pym had been instructed to negotiate. Finally, there was the latest draft brought back by Francis from the United States, which now confronted me. The differences between the texts of 22nd and 24th April went to the heart of why we were prepared to fight a war for the Falklands.

First, there was the question of how far and fast would our forces withdraw. Under the text Francis Pym had brought back our Task Force would have had to stand off even further than in the Buenos Aires proposals. Worse still, all of our forces, including the submarines, would have to leave the defined zones within seven days, depriving us of any effective military leverage over the withdrawal process. What if the Argentinians went back on the deal? Also the Task Force would have to disperse altogether after 15 days. Nor was there any way of ensuring that Argentine troops kept to the provision that they be "at least than 7 days' readiness to invade again" (whatever that meant).

Second, sanctions against Argentina were to be abandoned the moment the agreement was signed, rather than as in our counter-proposals on completion of withdrawal. Thus we lost the only other means we had to ensure that Argentinian withdrawal actually took place.

Third, as regards the Special Interim Authority the text reverted to the Buenos Aires proposal for two representatives of the Argentine Government on the Islands' Councils, as well as at least one representative of the local Argentine population. Moreover, there was a return to the wording relating to Argentine residence and property which would effectively have allowed them to swamp the existing population with Argentines.

Equally important was the wording relating to the long-term negotiations after Argentine withdrawal. Like the Buenos Aires document, Francis Pym's ruled out the possibility of a return to the situation enjoyed by the Islanders before the invasion. We would have gone against our commitment to the principle that the Islanders' wishes were paramount and would have abandoned all possibility of their staying with us. Did Francis realise how much he had signed away?

Despite my clear views expressed that morning, Francis put in a paper to the War Cabinet recommending acceptance of these terms. Shortly before 6 o'clock that evening Ministers and Civil Servants began assembling outside the Cabinet Room. Francis was there, busy lobbying for their support. I asked Willie Whitelaw to come upstairs to my study. I told

to put your latest ideas to them. I hope that you will seek the Argentine Government's view of them tomorrow and establish urgently whether they can accept them. Knowledge of their attitude will be important to the British Cabinet's consideration of your ideas.

And so a great crisis passed. I could not have stayed as Prime Minister had the War Cabinet accepted **Francis Pym's proposals**. I would have resigned.

That difficult and decisive argument was followed the next day by the recapture of South Georgia. At Grytviken an Argentinian submarine was spotted on the surface and was successfully attacked by our helicopters and immobilized. A certain Captain Astiz had been in charge of the Argentinian garrison there. His capture was to present us with problems. He was wanted for murder by both France and Sweden. He was flown to Ascension and then brought to Britain, but refused to answer questions and, due to the provisions of the Geneva Convention on Prisoners of War eventually, reluctantly, we had to return him to Argentina.

Later that afternoon I learnt of our success in South Georgia. An audience was arranged with the Queen that evening at Windsor. I was glad to be able personally to give her the news that one of her islands had been recovered. I returned to Downing Street to await confirmation of the earlier signal and the release of the news. I wanted John Nott to have the opportunity of making the announcement and so I had him come to No.10. Together he, the MoD Press Officer, and I drafted the Press Release and then went out to announce the good news.

up Whitehall as I was addressing the Central Council in Cheltenham.

I began my speech with what was to be the first of a number of increasingly risky jokes about the political threat to my leadership. Cheltenham's reputation as the traditional retirement centre for those who governed our former empire provided the peg. I began:

It's a very great pleasure to be in Cheltenham once again. To avoid any possible misunderstanding, and at the risk of disappointing a few gallant colonels, let me make one thing absolutely clear: I haven't come to Cheltenham to retire.

I then went almost immediately to the heart of the issue about which the Party was agonising.

Many of the bills for the community charge which people are now receiving are far too high. I share the outrage they feel. But let's be clear: it's not the way the money is raised, it's the amount of money that local government is spending. That's the real problem. No scheme, no matter how ingenious, could pay for high spending with low charges.

But I did go on to announce a number of limited special reliefs. Even this modest package had necessitated my tearing up a feeble draft from the Treasury and writing it myself. John Major, whom I had previously asked to draft the relevant paragraphs, did not seem to have grasped just how grave the crisis was and how vital it was to give our supporters some future assurance to assuage their present anger. Given the weak draft, the absence of colleagues and the late hour,

had been done and schools had effective governing bodies there was no reason to prevent their seeking Grant Maintained status. **Yet Malcolm resisted this.** After receiving advice from the parliamentary business managers about the pressure on the legislative timetable, I reluctantly agreed that opting out provisions should not be included in his first Education Bill. But I pressed that such a provision should be included in the next Session's Scottish Education Bill. **Malcolm, claimed that there was not sufficient demand for opting out in Scotland. However, from my postbag and Brian Griffiths' enquiries I knew otherwise.** I insisted and had my way. In 1989 legislation was accordingly introduced to bring the opportunity of Grant Maintained schools to Scotland.

Whatever the obstruction from Malcolm Rifkind, Michael Forsyth and I were not alone in believing that real changes to reduce the role of the state in Scotland were both necessary and possible. In housing, for example, "Scottish Homes" - established in May 1989 - developed attractive and imaginative schemes to provide more choice for public sector tenants and to renovate run down houses, selling some and letting others. Indeed, the organisation generally proved more innovative than DoE efforts through Estate Action programmes in England. As regards the Government's role in industry, Bill Hughes - Chairman of the Scottish CBI whom I later appointed Deputy Chairman of the Scottish Conservative Party - devised "Scottish Enterprise", which mobilised private sector business to take over the functions of the old, more interventionist, Scottish Development Agency (SDA) and other bodies.

between him and Malcolm became steadily worse. A full scale campaign of vilification was launched by Michael's enemies and the Scottish press was full of talk of splits and factions.

Malcolm Rifkind now also fell back with a vengeance on the old counter-productive tactic of proving his Scottish virility by posturing as Scotland's defender against Thatcherism. In March 1990, John Major delivered his first budget. Coming on the eve of the introduction of the Community Charge in England and Wales, it doubled from £8,000 to £16,000 the amount of savings a person could have and still not lose entitlement to Community Charge benefit. This reflected the argument - with which I instinctively had much sympathy - that too great a squeeze was being exerted on those who had been prudent enough to put aside some savings. **Malcolm Rifkind raised no objection when this was announced to Cabinet before the budget. Nor did he make any special demands for Scotland.** But the announcement provoked an outcry in Scotland where the Community Charge had been introduced one year earlier and where the critics accordingly wanted the community charge benefit change backdated. Under fire, Malcolm did not stand by John Major's decision. He now entered into heavily leaked discussions with me and John Major to have the change made retrospective for Scotland. Very reluctantly, I agreed that a special payment should be made to those concerned in Scotland from within the Scottish Office budget. Having damaged the reception of John's skilfully conceived budget, Malcolm then went on to revel publicly in Scotland in his "victory". It was suggested that he had only secured these changes by threatening

had turned sharply downwards: the RPI figure too was just on the turn, after reaching almost 11% - a figure I had never believed would be reached again while I was Prime Minister.

On the questions of the ERM and EMU, I was increasingly conscious of dealing with a very different sort of Chancellor than Nigel. John Major - perhaps because he had made his name as a whip, or perhaps because he is unexcited by the sort of concepts which people like Nigel and I saw as central to politics - had one great objective: this was to keep the Party together. To him that meant that we must enter the ERM as soon as possible to relieve the political strains. This primacy of politics over economics - an odd attribute in a Treasury Minister - also meant that John was attracted by a fudge on EMU which would assuage the anxieties of the timorous Europhiles in the Party that we would otherwise be "isolated". On ERM, much as I continued to dislike the system and distrust its purpose, I had agreed the principle at Madrid subject to the conditions expressed. Eventually, I was to go along with what John wanted. On EMU, which for me went to the very heart not just of the debate about Europe's future but about Britain's future as a democratic, sovereign state, I was not prepared to compromise.

Discussions about ERM and EMU: 1990

From the spring of 1990 I discussed the ERM with John Major on a fairly regular basis. When I saw him on the morning of Thursday 29th March I said that I did not believe that the conditions for our membership had yet been met. Although the issue of the timing of membership would need to be considered in the run-up to the next election it would in any event be out of the question to publish a precise date by which the UK would join. I was glad to find that John agreed with me. Unlike Geoffrey and Nigel, he realised that to set an advance date for joining would leave us at the mercy of the markets. But it was increasingly clear that he still wanted us to join soon. He said that bearing in mind the likely favourable impact of entry into the ERM on political sentiment and in turn on sentiment in the markets, it would be easier to bring interest rates down and maintain a firm exchange rate if we were inside rather than outside the ERM. That sounded all too like Nigel's cracked record to the effect that you should steer by the exchange rate rather than by the money supply. Alas, that policy had steered us into inflation. John's approach was that if the Party and the Government united around the policy and we looked like winning the next election, the economic prospect would improve as well. But I knew full well that whenever you take economic decisions for political purposes, you run considerable risks.

A few days later I discussed EMU and the Delors Report with John. He said that he would be minuting me with his conclusions on the best way forward. He said that the strategy must be to slow down the advance towards Stages 2 and 3 of

out a number of options as to how we might proceed. Of these the option which he recommended - and which was ultimately to be developed further at Maastricht - was to work for a treaty which gave a full definition of EMU and the institutions necessary for its final stage (together with any transitional stage, if agreed) but then allowed an "opting-in" mechanism for Member States. This would allow them to join in the new Stage 3 arrangements - that is the single currency - at their own pace. He believed that this should be the goal we should work for as the outcome to the IGC. At a meeting with me on Wednesday 18th April, John rehearsed the arguments of his paper, emphasising that the goal of full EMU as described by Delors was shared by all except the United Kingdom.

I agreed neither with John's analysis nor his conclusion. I said that the Government could not subscribe to a Treaty amendment containing the full Delors definition of EMU. Further work should be done to develop our proposal for a European Monetary Fund which we could put forward as the most that it was necessary for the Community to agree upon for now. I was extremely disturbed to find that the Chancellor had swallowed so quickly all the tired and unoriginal clichés of the European lobby. At this point, however, I felt that I should hold my fire. John was new to the job. He was right to be searching for a way forward which would attract allies in Europe as well as convince Conservative MPs of our reasonableness. But it was already clear that he was thinking in terms of compromises which would not be acceptable to me and that intellectually he tended to drift with the tide.

No Compromise with EMU

As I have explained, the attitude taken by Britain and the rest of the Community to EMU had a bearing on the operation and development of the ERM. But, of course, EMU was a far greater question. The sense that I had had at my meeting with John Major in April that he was going wobbly on this, increased when I received a further paper from him a little later, at the end of May. John's paper contained all the now familiar phrases about the prospect of a "two tier Europe" - on which I noted "What's wrong with that if the other tier is going in the wrong direction?" - and the awful possibility of the other eleven negotiating a separate treaty for EMU - on which I wrote "So be it. Germany and France would have to pay all the regional subventions - OR there would be NONE in which case the poorer nations could NOT agree". Quite apart from this tendency to be defeated by platitudes, which I found disturbing, it did not seem to me that John, who prided himself on his tactical political sense, had thought through the implications for the rest of the Community countries if they had to go ahead without us.

So at our meeting on the evening of Thursday 31st May I tried to stiffen John's resolve and widen his vision. He reiterated his concern that we would find ourselves "isolated" in the run up to a general election. He argued that to avoid this we should agree to a Treaty amendment establishing the aim of full EMU, but insist on an "opting-in" provision which left it to individual member states whether and when to join. I rejected this. I said that it was psychologically wrong to put ourselves in a frame of mind in which we accepted the

PART 3 ends:-

FERB to AA - 7.5.93

PART 4. begins:-

FERB to AA - 30.6.93.