PART 2

Special Political Advisers.

Pay of Special Advisers.

Confidential Filing

COVERNMENT MACHINERY

Part 1: April 1979

Part 2: October						er 1980
Referred to Date	Referred to	Date	Referred to	Date	Referred to	Date
15.10.80 12-12-80 12-12-80 20-12-80 20-12-81 20-12-81 21-18-87 23-12-81 23-12-	12.82 3.2.82 5.3.82 5.3.82 15.3.82 15.3.82 15.3.82 14.82 14.82 14.83		20-7-83 13-9-83 13-9-83 13-9-83 13-9-83 13-9-83 13-13-83			

PART 2 ends:-

HM Treasury Office Notice ow (05N) (83) 135

PART_____begins:-

HMIT to FERB 12/1/24

AN Gagers relating to 1 an Heggie,
and queers on the appointment scalaries of

Man waters and Norman Strawers are

now half in Honours (note Edmunds),

+ Sir P Craddoll.

du y

01 5

Prime Minister

You will be interected to see x/. This puts Tim

HM TREASURY OFFICE NOTICE

hankester in charge of monetary policy moder Peter Middleton.

ON(GENERAL)(83)135 22 December 1983

FERB

Livelene- 22.12.

SENIOR APPOINTMENTS

The Prime Minister, with the agreement of the Chancellor, has approved the reappointment of Sir Terence Burns as Chief Economic Adviser to the Treasury for a period of 5 years from 1 January 1985.

- The Chancellor, with the Prime Minister's approval, has appointed 2. Mr N J Monck to be a Deputy Secretary.
- Mr Anson will take over from Mr Wilding as Deputy Secretary (General Expenditure) on 3 January, when Mr Wilding leaves the Treasury to take charge of the Office of Arts and Libraries. Mr Monck will succeed Mr Anson as Deputy Secretary (Industry) on 19 January. Mr Lankester will succeed Mr Monck as Under Secretary in charge of the Home Finance Group. The succession to Mr Lankester will be announced soon.

PETER MIDDLETON

APPOINTMENTS IN CONFIDENCE



FLE

10 DOWNING STREET

From the Private Secretary

18 November 1983

The Prime Minister has seen your Secretary of State's minute of 16 November proposing the appointment of Mrs. Katherine Ramsay as his political special adviser.

The Prime Minister is content with this proposal.

I am sending copies of this letter to Mike Corcoran (Mr. Hayhoe's Office, HM Treasury) and Richard Hatfield (Cabinet Office).

David Barclay

Miss Dinah Nichols, Department of Transport.

APPOINTMENTS IN CONFIDENCE

Prime Minister

Prime Minister Agree?

APPOINTMENT OF SPECIAL ADVISER

I should like to appoint Mrs Katharine Ramsay as my political special adviser at the Department of Transport. You will recall that in July you cleared her appointment in this capacity by Tom King. She has been working full-time in the Department since 1 September and I would find it most valuable for her to stay on to assist me. My Permanent Secretary welcomes this.

I should be glad to have your approval. The financial terms would be unchanged and have been agreed by the Treasury.

I am copying this minute to Barney Hayhoe and to Sir Robert Armstrong.

NICHOLAS RIDLEY

November 1983

STAFF IN CONFIDENCE



10 DOWNING STREET

From the Principal Private Secretary

27 October 1983

Thank you for your letter of 18 October about the Defence Secretary's wish to appoint Mr. Peter Levene as a Personal Adviser on an unpaid basis for a period of 6 months beginning on 1 January 1984. The Prime Minister is content with this proposal on the basis set out in your letter. She considers that Mr. Levene ought to be positively vetted: in view of the timescale, you will want to put this in hand immediately.

I am copying this letter to Richard Hatfield (Cabinet Office).

昆尼. R. BUTLER

Richard Mottram, Esq., Ministry of Defence. STAFF IN CONFIDENCE



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

Thank you for your minute of 25 October about Mr. Peter Levene (A083/3018). I attach your copy of my reply to Richard Mottram giving the Prime Minister's approval for this appointment, but I ought to explain the reference to positive vetting. The Prime Minister commented "I think he must be positively vetted. I do not see how we can make an exception when the work is so sensitive".

E. E. R. BUTLER

27 October 1983

STAFF IN CONFIDENCE

2 S

10 DOWNING STREET

From the Private Secretary

27 October 1983

PERSONAL

SPECIAL ADVISER APPOINTMENTS

Thank you for your letter of 24 October to Robin Butler about Special Adviser appointments.

The Prime Minister is content with the proposal to appoint Mr. Michael Portillo to succeed Dr. Lynda Rouse as the number 3 Special Adviser in the Treasury, attached to the Financial Secretary. She has noted that the terms of Mr. Portillo's appointment will be the same as for his previous appointment as Special Adviser to Mr. Parkinson.

MR. D. BARGUAY

John Kerr, Esq., H.M. Treasury.

B)

10 DOWNING STREET

From the Private Secretary

27 October 1983

PERSONAL

SPECIAL ADVISERS

The Prime Minister was grateful for your Secretary of State's minute of 24 October about Special Advisers.

The Prime Minister agrees with your Secretary of State's proposals to re-appoint Mr. Jeffrey Sterling and to appoint Mr. Michael Dobbs as successor to Mr. Michael Portillo.

The Prime Minister has noted that Mr. Sterling will devote approximately two days a week to his duties as Special Adviser, and that he will not see papers relating either to companies in which he has an interest, or to monopolies and mergers policy. She has also noted that Mr. Dobbs' appointment will be on the basis of two days a week and that your Secretary of State may possibly wish to seek her approval for a further part-time appointment in due course.

MR. D. BARCLAY

Callum McCarthy, Esq., Department of Trade and Industry.

Javid Michael Portillo with for on the same terms at the Treasury as he was at)/ Industry (see John You may like to see my note on the addition of

Special Advisers which I have not yet put the words to the Prime Minister. indicated.

David Wolfson's only comment was to express the hope that Michael Portillo's salary on his appointment at the Treasury will not cause unrest among other Special Advisers. Is this a point which you would like to pursue with John Kerr?

25 October 1983

FERE

25.60

SPECIAL ADVISERS

The effect of the attached proposals on Special Advisers from DTI and the Treasury would be as follows:

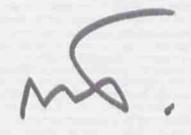
- Jeffrey Sterling to remain at DTI
- Michael Dobbs to move from Employment to DTI
- Michael Portillo to move from DTI to
 Treasury, as Special Adviser to the new
 Financial Secretary, on the same terms as he had
 as Special Adviser to Mr. Parkinson
- Lynda Rouse to leave the Treasury for the private sector.

David Wolfson sees no reason to object. Agree?

700

You may also wish to note that:

- (i) Jeffrey Sterling, as a future Chairman of P & O, will see no papers either in relation to companies in which he has an interest, or on monopolies and mergers policy.
- (ii) Mr. Tebbit may come back to you with a proposal for a further part-time appointment.



DMS

A

Ref. A083/3018

MR BUTLER

In your minute of 20 October you asked for advice about the Secretary of State for Defence's wish to appoint Peter Levene as a Personal Adviser.

- 2. I see no objection in principle to what is proposed. The appointment would be unpaid and less than full-time, and it would clearly be inappropriate for Mr Levene to be a normal Special Adviser. The distance between Mr Levene's business and the Ministry of Defence is not all that great, and could give rise to some criticism; but steps are obviously being taken to avoid any conflict in interest, and it would be for the Secretary of State to defend the appointment if such criticism were to arise.
- 3. It is unlikely that Mr Levene will be positively vetted for this short period. You may wish to remind the Ministry of Defence that steps should be taken to prevent Mr Levene having access to highly classified material.

ROBERT ARMSTRONG

25 October 1983



PRIME MINISTER

As you will remember, Cecil Parkinson as Secretary of State for Trade and Industry had two Special Advisers in the Department:

Jeffrey Sterling and Michael Portillo.

- I know that Cecil (and also Kenneth Baker and Norman Lamont) found Jeffrey Sterling an invaluable source of advice on many of the issues he had to confront. He has also taken a leading role in solving some of the specific industrial problems that have come the Department's way. His business experience at the highest level and his extremely wide range of City contacts add a dimension to the Department's work which in the nature of things officials simply cannot provide. I have discussed the position with Jeffrey, and both he and I would very much like the arrangements of the last year or so to continue. He would continue to devote about two days per week to the job (unpaid) while retaining his present post as Chairman of Sterling Guarantee, and (from the start of November) as Chairman of P&O.
- I have been particularly concerned to ensure that there should be no conflict of interests between Jeffrey's business interests and those areas of the Department's activities on which I wish to seek his advice. This would at any time have been important, and Jeffrey's present involvement in the contested bid for P&O now before the Monopolies and Mergers Commission makes it



all the more so. I have therefore had reviewed the existing arrangements, under which Jeffrey neither advised nor saw any papers in relation to companies in which he had an interest or on monopolies or mergers policy, to ensure that these are tightly enforced. I intend to make clear these continuing restrictions in the announcement of his reappointment.

- 4 I should also like to appoint a successor to Michael Portillo. As you know, Michael Dobbs was my Special Adviser at Employment, and I should like to reappoint him as a Special Adviser to help me to work up our political objectives and priorities for the Department; and to help us to project our policies, most particularly by helping us with the preparation of From past experience I know him to be admirably well speeches. qualified for the task I anticipate. He will work two days a week here, with the remainder of his time, as before, being spent at Saatchi and Saatchi. I am conscious that this may not be enough to discharge the duties here (which have previously demanded a full-time Special Adviser), and I may seek a second part-time appointment, to bring the combined effort to one full-time equivalent. I shall seek your agreement should this reinforcing be needed.
- I have discussed these proposals with Sir Brian Hayes and Sir Anthony Rawlinson, who are in agreement with them. They are also satisfied that the appointment of Michael Dobbs as a Special



Adviser would fully accord with the guidance which you have laid down, and that the salary which he would expect could be accommodated without difficulty or embarrassment.

6 I hope you will be able to agree to these two proposals.

NT

24 October 1983

Department of Trade and Industry

STAFF IN CONFIDENCE



Mr. Wolfson
OK by you?
FERB
24.10

Treasury Chambers, Parliament Street, SWIP 3AG Ol-233 3000

24 October 1983

F E R Butler Esq No 10 Downing Street LONDON SW1

Dow Robin,

SPECIAL ADVISER APPOINTMENTS

We spoke about Dr Lynda Rouse, who has since the Election served as the No 3 special adviser in the Treasury, attached to the Financial Secretary. With the change of Financial Secretary, that appointment lapses, and Dr Rouse in fact wishes to take up an appointment with a merchant bank. The Chancellor and the new Financial Secretary would like to offer the position which will thus be vacated to Mr Michael Portillo, on the same terms as his previous appointment as special adviser to Mr Parkinson since July. I should be most grateful if you could confirm that the Prime Minister would have no objection to this arrangement.

Jo KERR



10 DOWNING STREET RB

Mr Wolfson

Any problems or comments?

Potelloi Salay at Treasury mont Come new demants! David Barday STAFF - IN CONFIDENCE

10 DOWNING STREET

From the Principal Private Secretary

MR. HATFIELD

You will have received a copy of Richard Mottram's letter of 18 October about the Defence Secretary's wish to appoint Mr. Peter Levens are a properly with the peter secretary and the secretary and the secretary and the secretary are secretary.

You will have received a copy of Richard Mottram's letter of 18 October about the Defence Secretary's wish to appoint Mr. Peter Levene as a Personal Adviser for a period of six months, to begin on 1 January 1984. Before I put this to the Prime Minister, I would be very grateful if I could have Sir Robert Armstrong's advice.

E.E.R. BUTLER

20 October 1983

STAFF - IN CONFIDENCE

NR

MO 20/17/9

Pi

MINISTRY OF DEPENCE

MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-830/7922 218 2111/3

18th October 1983

Prime Minister

Content with the appointment of

Mr. Levene as an appoint personal advisor

for six months? Si. Robert Armstrong's

advice is at flag A.

FE.R.B. 24.10

The Defence Secretary would like to appoint Mr Peter Levene, the Chairman of United Scientific Holdings (USH), as a Personal Adviser for a period of six months beginning on 1st January 1984. Mr Levene is an energetic and enterprising businessman who has made a considerable success of running USH, and Mr Heseltine feels that he would be a very useful source of advice to him in tackling some of the management problems facing the Ministry of Defence.

USH is a supplier of defence equipment, and to prevent any possible conflict of interest Mr Levene would work outside the procurement area of the Department. There is one particular order where USH are likely to be in competition shortly with GKN, and to forestall a possible allegation from GKN that Mr Levene had exercised an unfair influence we have spoken to Sir Trevor Holdsworth, GKN's Chairman, who has assured us that his company will not try to link the issue of the order with Mr Levene's appointment.

In the ordinary course of events the Defence Secretary would have wanted Mr Levene to join him as a Special Adviser in the normal sense of the term, but he does not feel that Mr Levene's circumstances quite match the conditions on which Special Advisers are normally appointed. Mr Heseltine had hoped that Mr Levene would work for him full time, but Mr Levene does not feel able to give up the chairmanship of his company for his six months' spell with the Ministry of Defence. He expects to be able to devote by far the greater part of his time to working for the Defence Secretary, but he would need to continue to chair meetings of the USH Board and to exercise some direction of the company's affairs. Such an arrangement would make it inappropriate to take on Mr Levene as a Special Adviser, for this would of course mean appointing him as a temporary civil servant. Moreover, since Mr Levene will continue to be paid as the Chairman of USH, he is ready to give his services to the Ministry of Defence on an



unpaid basis. For these reasons Mr Heseltine believes that the right course is to appoint Mr Levene on an ad hoc basis as his Personal Adviser, and he would be grateful for the Prime Minister's approval for that course.

I am sending a copy of this letter to Richard Hatfield in the Cabinet Office.

Yours and,

(R C MOTTRAM)



10 DOWNING STREET

From the Principal Private Secretary

18 October 1983

STAFF IN CONFIDENCE

Dear Murdo,

Many thanks for your letter of 12 October about the salary of Alison Ward as Special Adviser to the Chief Whip. If Alison is happy with the offer of £9,416 rising in three annual increments to £10,349, I suggest that we say "snap" to that. It has the great advantage that it treats her and Caroline Stephens equally.

Your ever,

Robin Buttar

Murdo Maclean Esq., Chief Whip's Office.

APPOINTMENTS IN CONFIDENCE



Ruz.

10 DOWNING STREET

From the Private Secretary

17 October, 1983

Thank you for your letter of 7 October to Tim Flesher informing us that new terms of reference have been agreed for Sir Robin Cooke.

The Prime Minister has taken note of these, and of the fact that Sir Robin has now been offered an appointment on the basis of three days per week.

I am sending a copy of this letter to John Gieve (Chief Secretary's Office) and Mike Corcoran (Mr. Hayhoe's Office).

(David Barclay)

Ms. Lucy Robinson, Department of the Environment nment Chief

copy in Honorus for Cansting

Government Chief Whip

12 Downing Street, London SW1

STAFF - IN CONFIDENCE

12th October 1983

Dear Lobin,

Thank you for your letter of 3 October about the appointment of Alison Ward as Special Adviser to the Chief Whip. Needless to say, we are very pleased that Alison is coming to join the office.

With regard to her salary, I understand privately that her current salary is of the order of £8,000 plus an additional £2,000 for work which she undertakes on behalf of Alastair MacAlpine at Conservative Central Office. My proposal was that it would appear to be equitable for Alison and Caroline Stephens to be paid at the same level, and as you will see from the attached letter from the MPO this would mean a starting salary of £9,416 rising in 3 annual increments to £10,349. I have mentioned to Alison in general terms the sort of amounts that the MPO had in mind, and indeed what is presently being proposed is actually higher than their original recommendations for a salary appropriate to the job. Alison is in fact extremely pleased with what is being suggested, but clearly the terms which are being proposed do fall short of those in her present post. I do not envisage any difficulty in getting the MPO to agree a starting rate in one of the higher bands which would effectively take Alison to a starting point of what she earns at present. In view of the Prime Minister's remarks mentioned in your letter of 3 October, I should be most grateful for your advice as to whether we should make further efforts to secure a higher starting salary or whether we should put Alison and Caroline on an equal basis.

Juster,

(Murdo MacLean)

F E R Butler Esq., Office of the Prime Minister



Prime Minister

To note that Sir Robin Cooke's appointment is now 3 days a week (previously 2).

2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

(October 1983

Dear Tim

You wrote on 11 July, asking my Secretary of State to look into the possibility of remedying the position of Sir Robin Cooke who does more work than the two days per week he has been paid for as Special Adviser.

We have agreed new terms of reference with Sir Robin as follows:

"Special Adviser to the Secretary of State on the Palace of Westminster, the Parliamentary Estate and such other Government Buildings as the Secretary of State may decide."

Accordingly we have now offered Sir Robin an appointment on the basis of three days per week.

I am copying this letter to John Gieve and Mike Corcoran.

Yours sincerely Luny Robinson

Ms LUCY ROBINSON Private Secretary Gost Mach: Special Adv



Management and Personnel Office

Whitehall London SW1A 2AZ

Telephone (Direct dialling) 01-273 3424 GTN 273 (Switchboard) 01-273 3000

Your reference

M Maclean Esq Government Chief Whip's Office 12 Downing Street LONDON SW1

Our reference

Date

7 October 1983

Dear Murdo

I promised to send you a note about the salary arrangements for the proposed new Special Adviser appointments at 10 and 12 Downing Street.

2. There are 28 points on the Special Advisers' salary scale, ranging from the minimum of the Administration Trainee scale to Deputy Secretary level. The lower points of the scale are:

Point	Salary (inclusive of London Weighting)		
1 2 3 4 5	7036) 7592) 8117) 8631) 9328)	Analogous AT scale	to
6 7 8 9 10 11	9416 9765 10034 10349 10723)	Analogous to HEOD scale	

- 3. Miss Caroline Stephens has been offered an appointment at 10 Downing Street at point 6 on the Special Advisers' salary scale ie equivalent to the minimum point of the HEOD scale. As Miss Stephens will be working part time, her salary will be at the rate of £4,708 per year. She will receive three annual increments, taking her up to point 9 ie half of £10,349.
- 4. Given that it would seem appropriate for the arrangements for Miss Ward to follow those agreed for Miss Stephens, the draft letter of appointment I sent you on 4 October proposes similar provisions in respect of salary ie starting at £9,416, rising by 3 increments to £10,349. This proposal is of course open to adjustment.

Jows sneedy Carle Enris MRS C A ENNIS PS Division TG, MK, MR, SCW, DE, OT.

To note that Honors

will keep papers about

No 10 Special Advises.

Shee

STEVE and Company

You will see from the attached note I have written to
Robin about the filing of staff papers on Special Advisers
(and by that I should have made clear in the note that I that possibly meant No 10 Advisers) and / I should hold any papers about
Advisers at No 10, as opposed to those in departments. I know that Alan and Daphne used to be unsure as to which of them kept what and I think in the end they decided as
Robin suggests: that I should hold the No 10 Adviser papers and Confidential should hold departmental Adviser papers.

I think this might work but there will be fine dividing lines in some cases.

If you agree, perhaps I should take off this file the recent papers about Sir Percy Cradock, Alan Walters and David Hobson, and leave on the current papers about Felicity Yonge.

What do you think ?

5 October 1983

ROBIN hime should be that perpen about appointment of special advisor outside No. 10 should papers on SPECIAL ADVISERS be held by CF (w by Appointment?)

and papers about appointment, inside No. 10 should be held by you.

There is the attached file held by Confidential. There

5.10

are the papers (some) which are held in Honours - i.e. all Alan Walters's financial papers, as well as papers relating to the appointments of the other advisers. This means that there are two places in which to look for staff papers.

It might be more helpful to you, perhaps, if they could all be housed together, unless there is some very definite dividing line between what Honours holds and what Confidential holds. I had no record of Sir Percy Cradock's papers and as you know, did not know about the Felicity Yonge's papers.

This all means that I cannot be of much help to you when you are in a hurry. We waste a lot of your time by having to search.

Do you have any views ?

5 October 1983

ce distin 10 DOWNING STREET From the Principal Private Secretary 3 October 1983 STAFF IN CONFIDENCE Dear Murdo, SPECIAL ADVISER TO THE CHIEF WHIP Thank you for your letter of 29 September. We are all delighted that the Chief Whip has decided to appoint Miss Alison Ward as his Special Adviser. The Prime Minister said to me that she hoped that it would be possible to give Miss Ward terms which do not fall short of those in her present post. Your ever, Robin Buttar Murdo Maclean Esq.



Government Chief Whip

12 Downing Street, London SW1

STAFF - IN CONFIDENCE

29th September 1983

Dear Lokers,

The Chief Whip has now interviewed a number of candidates for the post of Special Adviser and has decided that he would like to appoint Miss Alison Ward to the post. I understand that the Chief Whip has in fact mentioned this to the Prime Minister who is well content.

I am in touch with the MPO separately over the terms of her appointment.

Jours ever,

(MURDO MACLEAN)

F E R Butler Esq., Office of the Prime Minister STAFF: IN CONFIDENCE

10 DOWNING STREET

From the Private Secretary

22 September 1983

You wrote to Tim Flesher on 2 September about the pay of Special Advisers.

I understand that David Wolfson has had a discussion with officials of the Treasury and MPO about this, and that officials are considering a revised version of the existing rules. No further action, therefore, for the time being until these new rules have been drafted.

I am sending a copy of this letter to David Wolfson.

M. C. SCHOLAR

Miss Margaret O'Mara, H.M. Treasury.

21.7

Parliament Street London SWIP 3AG

Switchboard 01-233 3000
Direct Dialling 01-233 .5323

B T Gilmore

B T Gilmore Principal Establishment Officer

F E R Butler Esq No 10 Downing Street London SW1

15 September 1983

CONSULTANCY: SIR ALAN WALTERS

Thank you for your letter of 13 September on this subject. Nigel Wicks will make the arrangements with Sir Alan Walters accordingly, and there is certainly no problem about your using the same channel.

Junsever

Mon Cilm

Gort Much Blowse V and him him A PARTY AND THE REAL PROPERTY AND THE PARTY Thank you ar your letter of the Learner of Sin Son ject. Aight lights will used the standard with the standard of the standard OM SEE MO



10 DOWNING STREET

John.

My note of the. arrangement about Siv Percy Cradock is on the top of the file. We should advise Har PM not to be too definite about the Phasing of Sir Percy Gradock's taking over the chairmenship of the JIC or about suggesting that he should join ar an additional deputy Chairman. PERB

STAFF IN CONFIDENCE DCD, Wordson

10 DOWNING STREET

From the Principal Private Secretary

13 September 1983

Thank you for your letter of 7 September about the succession to Dame Felicity Yonge, which I have shown to the Prime Minister.

The Prime Minister has agreed that a successor should be appointed to replace Felicity as a Special Adviser to the Chief Whip when Parliament reassembles, but would like to be consulted when you have identified the person you recommend, before a definite offer is made.

E. E. R. BUTLER

Murdo Maclean, Esq., Government Chief Whip's Office

STAFF IN CONFIDENCE

MRS. PADWICK I enclose a self-explanatory exchange of correspondence with the Treasury about getting papers to Sir Alan Walters and arranging for their safe custody in Washington. I suggest that you continue to send as many as possible of Sir Alan's official papers, whether classified or not, through that channel. It will ensure their safety, which protects both Sir Alan Walters and the Prime Minister, and, provided that they are in an envelope addressed to Sir Alan Walters personally, they will not be seen by other people in Mr. Wicks' office. F. E. R. BUTLER 13 September 1983

CONFILENTIAL 10 DOWNING STREET From the Principal Private Secretary 13 September 1983 Consultancy: Sir Alan Walters Thank you for your minute of 5 September. I confirm that Sir Alan Walters is continuing as a consultant to the Prime Minister, spending a quarter of his time in London, and it would be very useful if you would agree that he should continue to see copies of Treasury internal papers which would help him in this role. I agree with the arrangements which you propose for protecting these papers, and I am sure that Sir Alan Walters would be content to go along with such arrangements. It would also be useful for No. 10 to use the same channel through Mr. Wicks' office for transmitting papers to an fro and for storing such papers. Indeed, we have already used this channel once through Julian Exeter, and, unless you let me know to the contrary, I will assume that we may continue to do so. E. E. R. BUTLER B.T. Gilmore, Esq., HM Treasury

CONFIDENTIAL

Prime Minister

Agree in principle to the Chief

Whip's appointing a special adviser

in succession to Miss Yonge, subject

to cleaning the candidate with you

12 Downing Street, London SWI 7th September 1983 STAFF IN CONFIDENCE Dear Robin. As you know, Dame Felicity Yonge was appointed as a Special Adviser to the Chief Whip following the General Election in May 1979. Felicity, who reached the age of 60 in 1981, has told the Chief Whip that she wishes to retire at Christmas and the purpose of this letter is to seek the approval of the Prime Minister to a replacement being appointed. In his letter of 7 May 1979, Ken Stowe set out the criteria for the appointment of Special Advisers and whilst it was recognised that Felicity did not come within these criteria, in a letter of 5 June 1979, the Prime Minister's Private Secretary indicated that the Prime Minister recognised that Felicity's case was unique and that for administrative reasons, Mrs Thatcher was prepared to agree to Felicity being considered as a Special Adviser to the Chief Whip. If it would be of assistance I shall be pleased to provide you with a detailed job description but broadly speaking, the matters with which Felicity deals are as follows: preparing the weekly 'Whip' and various related papers including a combined House of Lords and House of Commons version for circulation by Conservative Central Office; dealing with the Chief Whip's correspondence with Conservative Members 2) liaison with No 10 and the Chairman's Office on political honours 3) liaison with Central Office on Parliamentary business 4)

liaison with Central Office on public appointments

She also assists me in my capacity as Secretary of the committee on Party Political

5)

Broadcasting.

Although the nature of the work has changed over the years, the Conservative Party have had such a person in post at least since 1951 when Miss Judd was appointed. She left in 1962 and was succeeded by Anthony Fletcher. Felicity succeeded him in 1965 and has been with the Conservative Party in Government and in Opposition ever since. In view of her unique experience and service it was agreed when she was appointed that Felicity should be paid at Principal level but I am discussing with John Stevens a more appropriate scale which is very similar to the Civil Service Senior Personal Secretary scale. The important thing however is to attract the right person to the job.

It would obviously be sensible to have a reasonable hand-over and I should, therefore, be most grateful for approval to appoint someone to replace Felicity as Special Adviser to the Chief Whip when Parliament reassembles. The Chief Whip would probably look to a Secretary to a Conservative Member or former Member to fill the post but I will consult you separately about the possible candidates if you wish.

M MACLEAN

F E R Butler Esq
Principal Private Secretary to the Prime Minister
10 Downing Street
London SW1

FERB AS CONFIDENTIAL FROM: B T GILMORE 5 September 1983 MR F E R BUTLER NO 10 SIR ALAN WALTERS CONSULTANCY: Sir Alan Walters has asked Nigel Wicks in Washington if he could see copies of Treasury internal papers on some of the major economic indicators, because he continues to spend some of his time on a consulting arrangement with you about the UK economy, and internal Treasury papers would help him. I imagine that you can confirm that you have an arrangement about continuing 2. consultancy which would justify his seeing such papers. If so, I am inclined to classified. Arrangements for the custody of classified papers elsewhere in

advise that he may see them, but ought to come into the Embassy to see those which are Washington could never be in the same league as those in the Embassy; and I have in mind not only the normal duty of care with such documents, but also the particular embarrassment which might arise if we ran into a security story so close to the Prime Minister's own business.

It occurred to me, however, that we ought not to consider this question for the 3. Treasury in isolation. You may already yourselves have some arrangement for transmitting classified paper to and fro, and for Sir Alan Walters to keep it safely. Or you may want to use the Wicks channel for your own purposes. Do you have any existing arrangements, or requirements, which bear on the present question?



Treasury Chambers, Parliament Street, SWIP 3AG 01-233 3000

2 September 1983

Tim Flesher Esq 10 Downing Street

Dear Din,

In your letter of 26 August you recorded the Prime Minister's agreement to special pay treatment for Mr Stuart Sexton on which the Secretary of State for Education and Science had minuted her on 5 August.

When the Treasury have been approached at official level about cases involving the pay of special advisers, we have applied the existing rules on special adviser pay issued under the Prime Minister's instructions in 1979. However, we are aware that there have been other cases (in which we have not been involved) where approval has been given to rates which go beyond the present rules. We therefore wonder whether there is an argument for instituting a review of these rules to see whether they meet current requirements.

We have recently been approached at official level about the pay of Mr Robin Harris, special adviser to the Home Secretary. It would be helpful to know whether in cases of this kind you would like us to continue to apply the existing rules, leaving open the possibility of a subsequent appeal to the Prime Minister, or whether we should consult you informally first whenever we receive a request for special treatment.

yar Linceres, Margaret o'har

MISS M O'MARA Private Secretary



Treasury Chambers, Parliament Street, SWIP 3AG 01-233 3000

1 September 1983

J D West Esq. Private Secretary to the Secretary of State for Energy

Deer gulai

APPOINTMENT OF PROFESSOR SIR SAM EDWARDS

The Chancellor has seen a copy of your Secretary of State's minute to the Prime Minister of 15 August and her response, as recorded in Tim Flesher's letter to you of 26 August.

The Chancellor also fully supports your Secretary of State's proposals and is content with the suggested salary of £10,000 a year, on the understanding that arrangements are made to ensure that Sir Sam Edwards is not paid twice out of public funds.

I am copying this letter to Michael Scholar.

yar sucires. Margaret O'Man

MISS M O'MARA Private Secretary Gort March Allowsers - 1 ESTP 1983 APPOINTMENTS IN CONFIDENCE



JO DA

10 DOWNING STREET

From the Private Secretary

26 August 1983

The Prime Minister has now seen your Secretary of State's minute of 15 August about the appointment of Professor Sir Sam Edwards as his part-time Scientific Adviser. Mrs. Thatcher has agreed that Sir Sam Edwards should be appointed on the terms proposed by Mr. Walker.

I am copying this to Margaret O'Mara (HM Treasury) and Richard Hatfield (Cabinet Office).

Timothy Flesher

Julian West, Esq., Department of Energy.

APPOINTMENTS IN CONFIDENCE

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STAFF IN CONFIDENCE



DQ 10A

10 DOWNING STREET

From the Private Secretary

26 August 1983

The Prime Minister has now seen your Secretary of State's minute of 5 August about the pay of Mr. Stuart Sexton. She has noted that Mr. Sexton is older than most special advisers and agrees that he deserves special treatment. In the circumstances, Mrs. Thatcher is prepared to agree on a wholly exceptional basis to Mr. Sexton being paid at the maximum of the Principal scale with effect from his reappointment in June this year as proposed by your Secretary of State.

I am sending a copy of this to Margaret O'Mara (HM Treasury).

Timothy Flesher

Mrs. Imogen Wilde, Department of Education and Science.

STAFF IN CONFIDENCE

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PRIME MINISTER

Attached is a minute from the Secretary of State

for Education and Science asking if his Special Adviser,

Mr. Stuart Sexton, can be paid more than the Treasury
is currently prepared to pay him. I understand from the

Treasury that they would not greatly object to a breach of
the rules in Mr. Sexton's case but they are worried that
it could lead to a wholesale breakdown when other Special Advisers
learn of a dispensation for Mr. Sexton. They would, however,
be prepared to live with a decision which made it clear that
a higher figure for Mr. Sexton was on a wholly exceptional
basis. I have sought David Wolfson's advice on this. His
view is that there are other Special Advisers with a better
case than Mr. Sexton and that since the Treasury have already
tried to be helpful we should insist that rules are rules.

Do you agree that Mr. Sexton may be paid at the higher rate on an exceptional basis or would you prefer to stick to the normal rules?

A sexton may be paid at the higher rate on an exceptional basis or would you prefer to stick to the normal rules?

TIM FLESHER

Price Mountos

Som tidwards

15 August 1983 appointment

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Sauthe adviser?

PRIME MINISTER

PROFESSOR SIR SAM EDWARDS

I would like with your approval to appoint Professor Sir Sam Edwards as my part-time Scientific Adviser. His remuneration, agreed with the Treasury, would be £10,000 a year. I would expect the post to require of him about 50 working days a year.

The Department of Energy at present has a full-time Chief Scientist at Deputy Secretary level, Dr Tony Challis who came to us from ICI. His appointment expires on 15 October this year. As part of the effort to reduce senior posts under the Wardale Report, it was decided that he should not be replaced. We should instead engage an eminent Scientific Adviser on a part-time consultancy basis who would act as Chairman of the Advisory Council on Research and Development (ACORD) which operates across the whole energy field, nuclear and non-nuclear.

I think you know Sir Sam Edwards. In fact, my proposal to appoint him on a part-time basis follows up a suggestion which you yourself made at a meeting with David Howell on 22 April 1980 when we were seeking a Chief Scientist for the Department. I believe we have in him someone of stature in the scientific community who would be seen as a fully acceptable Chairman of ACORD. I have discussed the appointment with him and although his main interest since returning to Cambridge is research, he is now willing to undertake this Government work on a part-time basis. He has of course worked closely with Government in the past and has served on the Science Research Council, as a member of

... ACORD

ACORD and, extensively, in the defence R & D field. He is 55.

It is the more desirable that I should announce Sam Edwards' appointment because the Department is losing both Dr Challis and his deputy Dr Catterall. Dr Catterall has been selected, with Keith Joseph's approval, as the next Secretary of the Science and Engineering Research Council. So I badly need the reinforcement to the scientific side of the Department which Sam Edwards' appointment would bring. I would like to announce his appointment in the near future, effective from mid-October.

May I go ahead on this basis, please? I am copying this minute to the Chancellor of the Exchequer and to Sir Robert Armstrong.

Secretary of State for Energy.

PRIME MINISTER

MR STUART SEXTON

I wonder if I could trouble you to look into this matter? This Department recently proposed to the Treasury that Stuart Sexton be paid at the maximum of the Principal scale with effect from his re-appointment in June of this year. This would make his current pay £17,906 (including London weighting) compared with his pay before the Election which was £14,615.

- 2. The Treasury readily agreed that Sexton was underpaid during the last Administration but they cannot see their way to offering him more than Principal minimum plus three increments rising to four increments on 2 November 1983. This would produce a rate of pay for Sexton, with effect from next November, of £15,753.
- 3. I do not think that this is enough. The maximum of the Principal scale seems to me an entirely appropriate recognition of the value of his work. His contribution has in fact become indispensible because among much other useful work he provides advice to Ministers necessary for decisions on, for example, school reorganisation proposals which officials are in no position to provide.
- 4. I understand that the reason for the Treasury's position is that the rules for the pay of political advisers which have been generally applied relate their pay to what they earned before their original appointment to the Government. In Sexton's case, his previous remuneration was for various reasons rather low.
- 5. I understand that the rules have not been rigidly applied in all cases and I hope you will agree that the remuneration that

Sexton received before he joined the Government was not a fair guide to his value to the Government in his present appointment. The proposal put to the Treasury by my Permanent Secretary that Sexton be paid the maximum of the Principal scale is a fair but by no means excessive recognition of his contribution to our work.

6. I am copying this minute to the Chancellor of the Exchequer.

K

5 August 1983

1 August 1983

Special Advisers

Thank you for your letter of 26 July to John Coles. The Prime Minister is content for the Foreign and Commonwealth Secretary to appoint Mr. John Houston as his Special Adviser on the terms set out in your letter.

W F S RICKETT

Brian Fall, Esq., Foreign and Commonwealth Office.

STAFF IN CONFIDENCE

A

PRIME MINISTER

APPOINTMENT OF A SPECIAL ADVISER IN THE FCO

You were concerned at the salary which Sir Geoffrey Howe proposed to pay to Mr. John Houston as his Special Adviser.

The defence that Sir Geoffrey's Office give is that Mr. Houston currently receives a salary of about £17,500 net as Political Adviser to Mr. Tugendhat. This is his salary after allowances and deductions including tax. On the same basis, he will be paid about £12,800 as Special Adviser to Sir Geoffrey.

They also say that Tugendhat told Sir Geoffrey that Mr. Houston was shortly to be promoted by the European Commission.

He is therefore giving up the chance of a promotion and taking a cut in net salary to take up his post in the FCO.

In the light of this, are you content for Sir Geoffrey to appoint Mr. Houston? Sir Geoffrey is very keen to reach a decision on this before he leaves the office on 4 August, and David Wolfson is out of the Office until next Wednesday.

yes m

Willie Rickett



Prime Nimilionalis Agree?

Foreign and Commonwealth Office

London SW1A 2AH

26 July 1983

A. J. C. 26

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Day John

Arrangements for the Appointment of a Special Adviser

The Foreign and Commonwealth Secretary would like to appoint Mr John Houston, who is currently Political Adviser (effectively Private Secretary), to Mr Tugendhat in the European Commission, as his Special Adviser. I attach a copy of Mr Houston's curriculum vitae. In accordance with the Guidance on the Employment of Special Advisers, I am writing to seek the Prime Minister's approval for this proposed appointment.

The Prime Minister may wish to know that agreement has been reached with the Treasury that Mr Houston should be paid at the minimum of the Diplomatic Service Counsellor/Assistant Secretary scale (£20,493 per annum) with one increment next

year. Plan meto Al special adviken to almost eny other May [] mil Ashired of Private Secretary woyson - she ferend On viveay 4.1 much is thereton to A J Coles Esq 10 Downing Street not fitz large vivene hory Un F.s. No STAFF IN CONFIDENCE SON N 30 max Wan dept wild do il mo

CURRICULUM VITAE

NAME:

John HOUSTON

DATE OF BIRTH:

2.9.1948

PLACE OF BIRTH:

Newry, Country Down, Northern Ireland

NATIONALITY:

British

EDUCATION:

1960-67

Newry Grammer School, County Down

"O" Levels: English language and Literature, Latin, French, Mathematics, Geography and History

"A" Levels: English, French, History and Geography

1967-71

Queen's University, Belfast

B.A. (Joint Honours): in History and Political Science Second Class, upper division

WORK EXPERIENCE:

1971-72

Sabbatical year as President of the Students' Representative Council of the Students' Union, Queen's University

<u>Duties</u>: General representation functions, dealing with media and public authorities; running of students union building; sitting on University Senate and committees

1972-73

Century Newspapers Ltd., Donegall Place, Belfast

Sub-editor, and then Assistant Political Correspondent on daily morning newspaper

1973

Political Adviser to Rt. Hon. Brian Faulkner

1973-77

Conservative Research Department, 24 Old Queen Street, London, SW1

Desk Officer on Irish Affairs

Duties: Briefing and speech-writing for Shadow Secretary of State for Northern Ireland; Secretary to Backbench MPs Committee on NI; general policy research and analysis; accompanying Parliamentary Spokesmen on visits to NI

1977-78

Head of Home Affairs Section

Duties: Running of section with six Desk Officers (Home office, Health and Social Services, Housing, Local Government, Transport and Education); briefing of Shadow Cabinet and Leader of the Opposition; preparation of policy papers; speech-writing; party liaison with advertising agency

1978-Present

European Commission, Rue de la Loi 200, 1049 Brussels

Political Adviser to Christopher Tugendhat, Vice-President of the European Commission, responsible for Community Budget, Financial Institutions and Taxation, and Financial Control

<u>Duties</u>: Writing of speeches, pamphlets and press releases; relations with the European Parliament, including dealing with Written Questions, preparation of briefs for Oral Questions, briefing for debates, attendance at Plenary Sessions, and following the work of specialized committees; organization of speaking engagements throughout the Community and official visits to UK regions; information policy; liaison with Westminster affairs; transport policy

Salary: 116,000 BF (net) per month (i.e. £17,500 p.a. approx. after allowances and deductions including tax)

Notice required: Minimum 1 month

PUBLICATIONS:

Editor of memoirs of Brian Faulkner (Weidenfeld and Nicholson, June 1978)

"The Northern Ireland Economy: A Special Case?" (Old Queen Street Paper, 1976)

"Family Policy" (with Christopher Mockler; Old Queen St. Paper, 1977)



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10 DOWNING STREET

From the Private Secretary

20 July 1983

Your Secretary of State wrote to Mr. David Wolfson on 4 July about the possibility that Mr. Chris Butler might join him as a Special Adviser. This is simply to confirm that the Prime Minister was content with the proposal put by your Secretary of State including the terms on which Mr. Butler would be offered his appointment.

TIM FLESHER

Adam Peat, Esq., Welsh Office.

R

POLICY UNIT 19 July 1983

DAVID HOBSON

Alan Walters suggested to me that David Hobson might make an admirable honorary adviser to the Policy Unit.

Hobson is 60 and is just retiring after 8 years as Senior Partner of Coopers Lybrand. John King and others think highly of him. As you would expect from his position, he has vast experience of both the public and the private sector, both at home and abroad, ranging from the National Coal Board to the Volta Dam.

His other great advanatage is that he is very comfortably off and would require no payment. Our present honorary adviser, Douglas Hague, has resigned in view of his impending appointment to the SSRC, although he will of course pop in for a chat now and then.

David Hobson struck me as an astute man of considerable authority who would be able to give a seasoned assessment of most projects and corporate plans involving large sums of taxpayers money.

Would you like to meet him in September?

Evi

FERDINAND MOUNT

15 July, 1983

Your Secretary of State minuted to the Prime Minister on 12 July about the appointment of a Special Adviser. This is to inform you that Mrs Thatcher is content that Mrs Katherine Ramsay should be appointed as proposed by your Secretary of State subject to agreement on the terms of service to be agreed with the Treasury.

I am sending a copy of this letter to Mike Corcoran (Banney Hayhoe's Office) and Richard Hatfield (Cabinet Office).

(Timothy Flesher)

Miss D.A. Nichols, Department of Transport

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10 DOWNING STREET

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P.M. HAS ALREED

Du.

APPOINTMENTS IN CONFIDENCE

Prime Minister

APPOINTMENT OF SPECIAL ADVISER

I would like to appoint a full-time political special adviser and propose to offer the post to Katherine Ramsay (nee Marsh). She is currently employed at Central Office and has for some time now been working in the transport field. She would, I am sure, be a great asset in dealing with the political aspects of transport issues. My Permanent Secretary would welcome such an appointment.

I should be grateful for your approval to this appointment. The precise financial terms will of course be agreed with the Treasury, with whom my officials have been in touch.

I am copying this minute to Barney Hayhoe and Sir Robert Armstrong.

La may kunenber Katherine for her tue briefing conferences duing the dection. She is a very able person

12 July 1983

Liling

SEX

11 July 1983

Thank you for your letter of 7 July. This is just to confirm our understanding that Mr. Edward Bickham will be appointed by your Secretary of State as his Special Adviser from 26 September on the terms proposed in your letter.

TF

J M Lyon Esq Northern Ireland Office.

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10 DOWNING STREET

From the Private Secretary

11 July 1983

The Prime Minister has now seen your Secretary of State's minute of 5 July about the re-appointment of Sir Robin Cooke as Special Advisor for the Palace of Westminster on all matters relating to accommodation.

Mrs. Thatcher was pleased to agree to Sir Robin's re-appointment but she takes the view that since he does more than two days work Sir Robin is substantially underpaid. She would be grateful if your Secretary of State could look into the possibility of remedying this. Perhaps you could arrange for this to be done and for a report to be made to the Prime Minister on the outcome in due course.

I am copying this letter to John Gieve and Mike Corcoran (HM Treasury).

I FLESHER

John Ballard Esq Department of the Environment. By

nome Mustro

10 DOWNING STREET

agree !

Prime Minister.

5 dg 8

Chris Butler as Part-time Special Adviser to Nick Edwards.

8/7

The attached proposal is a variation, and I think improvement, of the original proposal to share Chris between the Welsh Office and the Conservative Office in Wales. It is better for Chris to have some private sector work, both from the point of view of his C.V. when seeking a Welsh Parliamentary seat, and for getting another job in the future if he doesn't get a seat.

Agreed?

David Wolfson.

The man



10 DOWNING STREET

From the Private Secretary

8 July, 1983.

The Prime Minister has now seen your Secretary of State's minute of 7 July about Special Advisers. Mrs. Thatcher agrees that Mr. Mockler and Mr. Sterling should be appointed on the terms proposed.

Timothy Flesher

John Ballard, Esq., Department of the Environment.

29

MANAGEMENT-IN CONFIDENCE

From: THE PRIVATE SECRETARY



NORTHERN IRELAND OFFICE GREAT GEORGE STREET, LONDON SWIP 3AJ

Mr Worfran: Cantest? 7ª July 1983 7/7

Robin Butler Esq The Private Secretary 10 Downing Street LONDON SW1

Dew Robin

SPECIAL ADVISER

I am writing to confirm that Mr Prior intends to appoint Mr Edward Bickham as his special adviser with effect from 26 September 1983.

Mr Bickham would be paid on the Principal level salary scale, which I understand is commensurate with the salary he is being paid in the Conservative Research Department.

I understand that the Prime Minister approved Mr Bickham's appointment on these terms and Mr Bickham has accepted.

I am copying this letter to Richard Hatfield, Cabinet Office.

J M LYON

See Mr Jerkin's minute attached. 10 DOWNING STREET Prime Minister. Chris Mockler should be useful to Patrick Jenkin in the very 'political' problems which he will face in the coming years. Our own troops may need more care than the enemy! Peter Cropper would welcome the appointment for two reasons. First, Chris has been in Research Department for long enough. He needs to move on. Second, he has earned the opportunity to move into Government, and the knowledge that such opportunities do occur will help recruitment at Research Department. Jeffrey Sterling's use in special cases needs no explanation. His part-time availabitity to Patrick would be unannounced and unpaid. hud David Wolfson.





PRIME MINISTER

SPECIAL ADVISERS -CHRISTOPHER MOCKLER

You will know that I have been looking for a replacement for Stephen Sherbourne to work with me here at the Department of the Environment. Having interviewed and rejected one or two possibilities, I sounded out Peter Cropper as to whether Chris Mockler could be spared by the research department. When I shadowed DHSS (1976-79) Chris was the desk officer at the CRD and I formed a very high opinion of his abilities.

Peter told me that Chris has been at the research department for twelve years. There is some danger of him getting stuck in a rut and if he is to move now is as good a time as any.

I have now spoken to Chris and he would be very pleased to come and work for me here; I am quite satisfied from my previous knowledge of him that he would be an admirable special adviser, mainly to help with speeches and articles. My Permanent Secretary would welcome such an addition to my staff.

If he were to join us it would be as a 'political' special adviser on terms that took into account the terms agreed with Stephen Sherbourne (they are almost exactly the same age). Details would need to be agreed between my Permanent Secretary and Chris Mockler but I would not anticipate any difficulties.

May I have your consent to taking him on as a special adviser?



JEFFREY STIRLING

You will remember Cecil Parkinson has persuaded Jeffrey to continue as a special adviser in DTI, part time and unpaid. Jeffrey has indicated that if there are areas which would not involve any conflict of interest and where he could make a contribution to the work of my Department, he would be very happy to help. Jeffrey has discussed this with Peter Harrop and other officials of the Department and has identified two or three such areas, including the mobilisation of private finance for inner city developments, water services etc., and some aspects of housing policy that bear on improving employment mobility. From the start we have been very conscious of the need to avoid any possible conflict of interest or even the appearance of such a possible conflict. For instance, he will have nothing to do with land-use planning, and care will be taken that he sees no papers on this. Sir George Moseley is satisfied that on the specific assignments on which Jeffrey Stirling will be advising, it will be a straightforward matter to avoid even the appearance of any conflict. The Department will give Jeffrey written guidance on this. May I take it that you would have no objection to Jeffrey helping me in this very important field? It would of course involve much less of his time than his work with Cecil.



Prime Minister

In February 1983 following Michael Heseltine's move

In February 1983 following Michael Heseltine's move to Defence, Tom King obtained your approval to the proposal that Robin Cooke should be appointed as a Special Adviser for the Palace of Westminster on all matters relating to accommodation. Robin had been appointed with effect from 1 December 1979 on the basis of one day per week which was increased, I understand at your suggestion, to 2 days from 10 January 1983 and has since continued his invaluable contribution to the working of the Palace of Westminster. Robin resigned on 19 May 1983 because of his involvement in the election campaign, so that he was not able to continue as Special Adviser on the Palace of Westminster.

I should very much like to reappoint him as he has special knowledge and experience of architecture, furnishing and history of the Palace of Westminster. I would be grateful for your approval to reappoint him on the basis of two days per week. I have ascertained that he is willing.

I am copying this minute to Barney Hayhoe and Peter Rees.

PJ

PJ

5 July 1983

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WYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SWIA 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 (Llinell Union)

Oddi wrth Ysgrifennydd Gwladol Cymru



WELSH OFFICE GWYDYR HOUSE

WHITEHALL LONDON SWIA 2ER

Tel. 01-233 3000 (Switchboard) 01-233 6106 (Direct Line)

From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

4 July 1983

PRIVATE AND CONFIDENTIAL

Dear Mr Wolfron,

We spoke about the possibility of Chris Butler joining me as a special adviser. The idea had been put forward that he might work for three or four days a week for me and the rest of the time for Conservative Area Office in Cardiff at Party expense. You drew my attention to the precedents for special advisers working part-time for Ministers. However there do not seem to be any precedents for advisers working simultaneously for the Party, though one or two do work for other organisations such as public relations firms.

The rules governing Special Advisers are that they are members of the Civil Service, have the same conditions of service and are generally subject to the same rules of conduct as other civil servants. They are members of the "politically restricted" group of the Service who are debarred from engaging in national political activities though they may attend Party functions, maintain contacts with Party members and take part in policy reviews organised by the Party.

Having looked at the rules, I have had a discussion with Chris Butler who tells me that he has been offered employment on a one day a week basis by an organisation known as the British Consortium for Innovation which is looking into applications for new technology and he has a particular interest in new technology in the Health Service.

I certainly think he could play a valuable part as a personal assistant on a four day a week basis, working one day a week for this Consortium.

At present, I have to do all the basic political research and I have to be responsible too for any significant new initiatives in my area of responsibility. I had to produce the Welsh Party manifesto and our record in Government

1 . . .

D Wolfson Esq Political Office Chief of Staff No 10 Downing Street LONDON SW1



single-handed and I have to make sure that our back-bench Members are adequately briefed. Clearly now that we have an effective team of back-bench Members, it would be a great advantage to have a more co-ordinated organisation and I would certainly welcome an individual who could do some of the basic research and thinking that should form the basis of our policy making in the next few years.

Chris tells me that at present he is paid £12,700 a year by the Party for his present work at No 10. He is, I understand, looking for pay at about that level plus 5% and I think some London loading but would only expect the Department to pay four fifths if he was working one day a week elsewhere.

I understand that you are co-ordinating these appointments and I should be grateful if you would let me know whether the Prime Minister would be prepared to approve this proposal.

JHRoberto

(Dictated by the Secretary of State and signed in his absence)

APPOINTMENTS IN CONFIDENCE



10 DOWNING STREET

From the Private Secretary

1 July, 1983

Thank you for your letter of 22 June about the appointment of Mr. Michael Dobbs as Special Adviser to your Secretary of State. This is simply to confirm that the Prime Minister was content with his proposal.

TIMOTHY FLESHER

J. B. Shaw, Esq.,
Department of Employment
APPOINTMENTS IN CONFIDENCE

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APPOINTMENTS IN CONFIDENCE



CIE SIX

10 DOWNING STREET

From the Private Secretary

1 July, 1983

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Thank you for your letter of 30 June following your Secretary of State's minute of 20 June about the appointment of Special Advisers in the Department of Trade and Industry. The Prime Minister has agreed that Mr. Sterling and Mr. Portillo should be appointed on the terms proposed.

TIMOTHY FLESHER

Jonathan Spencer, Esq., Department of Trade and Industry

APPOINTMENTS IN CONFIDENCE



DEPARTMENT OF TRADE AND INDUSTRY

Room 11.01 Ashdown House 123 Victoria Street SW1E 6RB

Telex 8813148

Telegrams Advantage London SW1
Telephone Direct Line 01-212 3301

Switchboard 01-212 7676

PS/Secretary of State for Trade and Industry

30 June 1983

Tim Flesher Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Dear Tim,

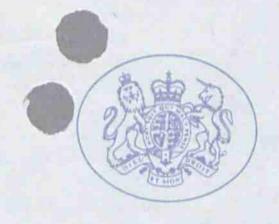
SPECIAL ADVISER

Following my Secretary of State's minute to the Prime Minister of 20 June, you asked for a note setting out the salary and conditions of service which we would offer Mr Portillo as Special Adviser to the Secretary of State. I attach a draft offer of appointment which makes these clear. We will have to discuss pension arrangements (paragraph 8) with Mr Portillo; it will be our aim to bring him into, or keep him in, the Principal Civil Service Pension Scheme if at all possible.

I should add that the salary proposed for Mr Portillo is rather less than he currently earns (he is self-employed); and that if these arrangements are acceptable, Mr Parkinson would like Mr Portillo to start work in the Department next Monday, 4 July.

J P SPENCER Private Secretary

Yours sincerely, Justhan Eperces



DRAFT LETTER TO MICHAEL PORTILLO ESQ

I am writing to offer you an appointment in the Department of Trade and Industry as a Special Adviser to the Secretary of State with effect from

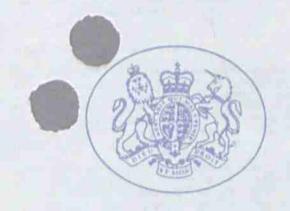
- 2 Your appointment will terminate:
 - i) at the end of the present Administration; or
 - the Government or moves to another appointment; or
 - iii) in the event of a General Election, on the day after polling day; or
 - on due notice being given by either side as specified in paragraph 6 below;

whichever is the earliest. You may be re-appointed if any of these circumstances leads to termination of your appointment but is not accompanied by a change of Government.

3 Your duties will be those laid down by the Minister.

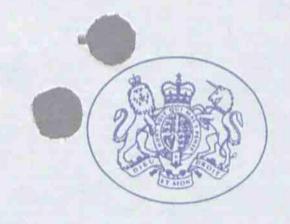


- Your salary will be at the rate of £19,089 plus Inner London Weighting a year of £1,250, and it will be adjusted automatically to follow changes in Civil Service pay at that level, viz, the third point of the scale for the Senior Principal grade. On the first anniversary of your taking up post, your salary will be increased to the maximum of the scale (20,794) plus Inner London Weighting. Your position will be reviewed after two years.
- Your appointment will be subject to the appropriate terms and conditions of service in force in the Civil Service, as amended from time to time. You will normally work a five day week of 41 hours, including meal breaks. You will have an annual leave allowance of 30 working days as well as the 10½ public and privilege holidays. Sick leave may be allowed on full pay, less any National Insurance benefit received, for up to six months in any period of 12 months, and thereafter on reduced pay, subject to an overriding limit of 12 months' sick leave in any period of four years or less.
- As an employee of the Crown, you hold your appointment at the pleasure of the Crown. You can expect however, that, unless any of the circumstances described in paragraph 2 (i), (ii) or (iii) apply, or you are required to leave on disciplinary grounds, you will be given not less than three months' notice in writing. You may yourself terminate your appointment by giving not less than five weeks' notice in writing. Where the termination of your appointment results from any of the circumstances in paragraph 2 above, or where you resign in order to comply with the Servants of the Crown (Parliamentary Candidature) Order 1960, or to take part in an election campaign (see paragraph 11),



ment that should you be reappointed, you will receive only the proportion of pay which corresponds to the length of the gap between the two periods of employment. In these circumstances you will not receive any payment in lieu of annual leave not taken.

- The severance payment will be three months'
 pay if termination occurs at any time during the first
 year of service, plus, thereafter, an extra one month's
 pay for each completed year of service after the first,
 subject to a maximum of six months' pay.
- 8 [paragraph about pension arrangements]
- 9 You will be subject to the provisions of the Official Secrets Acts, and you will be required to conform with the security procedures in force in the Department of Trade and Industry.
- In common with all other civil servants, you will be expected to abide by the provisions of the Civil Service Pay and Conditions of Service Code, with the exception of the rules relating to the acceptance of outside business appointments after resignation or retirement (Code paragraph 9961) and certain aspects of the rules on political activities (see paragraph 11). A copy of the Code will be made available to you on acceptance of your appointment. I should particularly draw your attention to the rules governing participation in outside activities involving the use of official information or experience (Code paragraphs 9910-9911) and the general principles of conduct to which all civil servants are expected to adhere at all times (Code paragraph 9870). All questions about the rules of conduct in the Code should be addressed to the Permanent Head of the Department.



- The rules on the political activities of civil servants are set out in Code paragraphs 9923-9950. As a Special Adviser you will be subject generally to the provisions set out in those paragraphs which are applicable to civil servants in the "politically restricted" group. In particular:
 - a. an Adviser publicly identified as a

 Parliamentary candidate or prospective
 candidate, either by adoption by a

 political party or in any other way, must
 thereupon resign his or her appointment
 (see Code paragraph 9923a, 9948);
 - b. an Adviser who wishes to take part in a general or by-election campaign, must first resign his or her Civil Service appoint-ment (Code paragraph 9923c to e);
 - c. it is essential that public funds should not be used in any way for party political purposes, eg by the use of departmental resources for party political business.
- However, subject to the approval of your Ministers, you may be permitted:
 - a. to attend Party functions (although you may attend the Party conference only as an observer) and to maintain contact with Party members;



b. to take part in policy reviews organised by the Party, or officially in conjunction with it, for the purpose of ensuring that those undertaking the review are fully aware of the Government's view and your Minister's thinking and policy (although it will not be open to you to advocate policies going beyond or departing from those of the Government as a whole).

In maintaining these political connections, you must at all times observe discretion and aim at avoiding public controversy. You must not identify yourself with criticism of the Government or of its policies. Should you wish to take part in political activities at a local level (Code paragraph 9924) or to continue to do so if you are already involved, you should first obtain the approval of your Minister.

I am also required to bring to your notice the 13 Government's decision that no-one may be employed in the Civil Service in connection with work vital to the security of the State if he is believed to be a member of the Communist Party or a Fascist organisation or associated with such a part or organisation in a way that raises legitimate doubts about his reliability. For Special Advisers it is necessary to make enquiries known as Posivitive Vetting. These entail the completion of a security questionnaire, and certain background enquiries by investigating officers. These enquiries are concerned not only with political sympathies or associations of the kind mentioned above, but also with revealing any characteristics which might be a potential rksk to security.

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23 June 1983

Special Advisers

Thank you for your letter to
Robin Butler of 21 June. The Prime Minister
is content with the Chancellor's proposals
for the appointment of Special Advisers at
the Treasury.

WR

J.O. Kerr, Esq., HM Treasury.

LIN



Caxton House Tothill Street London SW1H 9NF Telephone Direct Line 01-213.....6400 Switchboard 01-213 3000

OK by Me.

Robin Butler Esq Private Secretary to The Prime Minister 10 Downing Street LONDON SW1

22 June 1983

Dear Robin

My Secretary of State mentioned to the Prime Minister on Monday that he wanted to reappoint Michael Dobbs as his Special Adviser. I understand that the Prime Minister was happy for him to do so. I am writing formally to seek approval for his reappointment as from this week.

At Michael Dobbs' suggestion we propose that he should be available to work for the Secretary of State two days a week (instead of the three days a week he has worked hitherto). Our contribution to his remuneration will be scaled down accordingly. We are discussing with the Treasury whether the level of remuneration to which our proportionate contribution is geared should be increased. Michael's resumption of work this week would be on the basis that we cannot yet guarantee to do more than maintain the previous level; but that if a higher level were to be agreed it would be applied from the time that he resumed work here. Your approval would of course be sought to any alteration.

I am copying this to David Wolfson.

Yours sincerely Burnsy Som

J B SHAW Principal Private Secretary

pa

SPECIAL ADVISERS

Treasury: Adam Ridley

Robin Harris (resigned to fight Tooting)

William Hague

DHSS: Nick True

DoI: Stephen Sherbourne

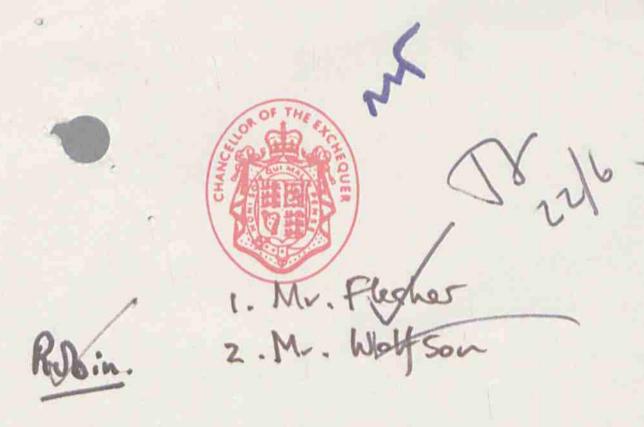
DoEnergy: Dr Lynda Rouse

DoEducation: Stuart Sexton

Oliver Letwyn

Number 10: Ferdy Mount

Peter Shipley Chris Monckton



The salaries would be:

a) Ridley, as byon, Under-Sec's X26,220.

b) Lord, 2 steps up the Assistant Sec. Scale at K22,675

c) Rouse, as at Energy, 2 steps up Me Principal scale, at /14615

Rilley or Rouse. Lord's current earnings are \$22,000 (D. Telegraph)

Plus £5,400 (Buckmarku + Norme.)

Our proposal is Therefore to match

The DT. salary, but not the cumbihed

Cournings. He would buy it.

Palk.

STAFF IN CONFIDENCE



Prie Muster

To be aware

GOA Mady 2

Treasury Chambers, Parliament Street, SWIP 3AG 01-233 3000

17

F E R Butler Esq No 10 Downing Street LONDON SW1 21 June 1983

Sew Robin,

SPECIAL ADVISERS

The Prime Minister is, I think, aware of the Chancellor's proposals in respect of Special Advisers at the Treasury.

As you know, there have since 1979 been three Special Advisers here, one each at Under Secretary, Assistant Secretary, and Principal level. In the Under Secretary slot, the Chancellor proposes to retain Adam Ridley as his Special Adviser. For the Assistant Secretary slot - formerly filled by Peter Cropper and more recently by Douglas French - the Chief Secretary proposes to appoint Rodney Lord, now of the Daily Telegraph. And for the Principal slot - filled originally by George Cardona, and latterly by Robin Harris - the Financial Secretary proposes to appoint Linda Rouse, formerly of the Conservative Research Department, and up to the election Special Adviser to the Secretary of State for Energy.

I should be most grateful if you could confirm that the Prime Minister would be content with these arrangements.

Jany ever, de Kens.

J O KERR Principal Private Secretary



10 DOWNING STREET

Mr. Flesher Da. I have agreed with Mr. Wolf son Hat while the Minister should formally seek the Prime Minister's approval for the appointment of their Special adviser, we car dilune her agreement to the appointment of there on the attached hist without Troubling her with each application. FERB

21.6.



10 DOWNING STREET

MR. WOLFSON

Cecil Parkinson would like to appoint Jeffrey Sterling and Michael Portillo as Special Advisers. Is this OK?

H

P.M. hon agreed, I've advised his office.

They will write you with all details of pay it.

V Suchhi.

10 DOWNING STREET

1. PRIME MINISTER

2. ROBIN BUTLER.

You have so far agreed June 20, to oner marked with arterister and have told Mr. Tebbit orally that you agree Mr. Dobbe.

You wanted to be sure that salarges were not SPECIAL ADVISERS markedly higher than was available at Central Office: I will have a word with Dowid

The following are now firm, subject only to the usual agreement on Wolfson about Wir. salary, positive vetting etc.

Treasury. Adam Ridley
Rodney Lord. (ex Telegraph)
Lynda Rouse

Employment. Michael Dobbs, part-time.

Trade and Industry. Michael Protillo.

Jeffrey Sterling, Unpaid part-time.

* Education. Stuart Sexton.
Oliver Letwyn unpaid as before, unless required by Policy Unit here.

* Home Office. Robin Harris.

Transport. Katherine Marsh.

* D.H.S.S. Nick True.

Northern Ireland. Edward Bickham

Welsh Office. Chris Butler part-time, with the rest of his time allocated to the Conservative Office in Wales, and paid for by Central Office.

Environment. Patrick Jenkin is looking for a Special Adviser, but has not yet found someone suitable to replace Steven Sherborne!

If this is all satisfactory, I shall check that the rules on Salary are followed as arranged in 1979.

Dw.

David Wolfson.

PERSONAL AND CONFIDENTIAL



PRIME MINISTER

As you will remember, Patrick Jenkin as Secretary of State for Industry had two Special Advisers in the Department: Jeffrey Sterling and Stephen Sherbourne.

- I know that Patrick(and also Kenneth Baker and Norman Lamont) found Jeffrey Sterling an invaluable source of advice on many of the issues he had to confront. He has also taken a leading role in solving some of the specific industrial problems that have come the Department's way. His business experience at the highest level, and his extremely wide range of City contacts adds a dimension to the Department's work which in the nature of things officials simply cannot provide. I have discussed the position with Jeffrey, and both he and I would very much like the arrangements of the last year or so to continue. He would continue to devote about 2 days per week to the job (unpaid) while retaining his present post as Chairman of Town and City Properties. I understand that Patrick is writing to you separately about the possibility of Jeffrey continuing to do some work for him at DoE. I should have no objections to this.
- I should add that my responsibilities include (as Patrick's of course did not) monopolies and mergers policy, and a variety of other regulatory matters; Jeffrey will neither advise me on these matters nor see any papers relating to companies where he has an interest. This will be made clear in the announcement of his reappointment.



I should also like to appoint a successor to Stephen Sherbourne. DTI Ministers make a great many speeches to influential audiences all over the country. The sheer number of opportunities which we have to spell out Government policy means that it is vital that we make the most of them. In order to help us in this task, we need someone who (like Stephen) can take the often admirable raw material which officials provide, and mould it into speeches which will catch the ears of the media. This is, of course, a role for Ministers themselves, but the number of speeches we make, and the pressures on our time, mean that we cannot always devote the attention we should to this task. I should therefore like to appoint Michael Portillo as a Special Adviser to help me, and the other DTI Ministers, to work up our political objectives and priorities for the Department; and to help us to project our policies, most particularly by helping us with the preparation of speeches. As you may recall, Michael has already done a job of this sort, for David Howell at the Department of Energy between 1979 and 1981. He would seem to me to be admirably well qualified for the task I anticipate.

I have discussed these proposals with Sir Brian Hayes and Sir Anthony Rawlinson, who are in agreement with them. They are also satisfied that the appointment of Michael as a Special Adviser would fully accord with the guidance which you have laid down, and that the salary which he would expect could be



accommodated without difficulty or embarrassment.

6 I hope you will be able to agree to these two proposals.

C P

28 June 1983

Department of Industry

APPOINTMENTS IN CONFIDENCE



Ale Vo

10 DOWNING STREET

From the Private Secretary

16 June 1983

The Prime Minister has now seen your Secretary of State's minute of 14 June about the appointment of Special Advisers and is content that Mr. Stuart Sexton and Mr. Oliver Letwin should be appointed on the basis proposed by Sir Keith Joseph.

TIMOTHY FLESHER

Mrs. Imogen Wilde, Department of Education and Science

APPOINTMENTS IN CONFIDENCE

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APPOINTMENTS IN CONFIDENCE



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10 DOWNING STREET

From the Private Secretary

16 June 1983

The Prime Minister has now seen your Secretary of State's minute of 14 June about the appointment of a Special Adviser and is content that Mr. Nicholas True should be appointed as proposed by Mr. Fowler.

TIMOTHY FLESHER

Steve Godber, Esq., Department of Health and Social Security.

APPOINTMENTS IN CONFIDENCE

Spe



10 DOWNING STREET

From the Private Secretary

15 June, 1983.

Thank you for your letter of 14 June. The Prime Minister has agreed that the Home Secretary may appoint Mr. Robin Harris as his Special Adviser.

I am sending a copy of this letter to John Kerr (HM Treasury).

T. FLESHER

A.R. Rawsthorne, Esq., Home Office. From: THE PRIVATE SECRETARY

Pru Martin: Flome Office Queen anne's gate Do your agree LONDON SWIH 9AT HOME OFFICE QUEEN ANNE'S GATE

moving to the Home office?

Dear Robin

APPOINTMENT OF A SPECIAL ADVISER

The Home Secretary, after consultation with Sir Brian Cubbon, would like to appoint Mr Robin Harris as his Special Adviser. Mr Harris was until recently a Special Adviser at the Treasury before he resigned to contest the Election.

The Home Secretary would be grateful for the Prime Minister's approval of this appointment.

I am copying this letter to John Kerr and Mary Brown.

Jours sincerely

True Rawstirva

RAWSTHORNE

PRIME MINISTER SCHOOL LAND Cagree 3 Ca Death Special Adviser (15) 6.

Subject to your approval I propose to re-appoint Stuart Sexton as a full-time Special Adviser.

As for Oliver Letwin, I propose - again subject to your approval - to re-appoint him as honorary Special Adviser on an unpaid basis pending further decisions about his placement.

I should be glad to know that you agree.

And 14/6

Ref.A083/1590 MR BUTLER If the present Prime Minister is returned in the General Election and is thinking about her Policy Advisers, she will wish to be aware of a recent piece in "Militant" about Mr Peter Shipley. It revives the old business about Mr Shipley's membership of the National Front. I think that this is the merest mud slinging and can be disregarded; but the Prime Minister should just be aware of it. ROBERT ARMSTRONG 7 June 1983



2 MARSHAM STREET LONDON SW1P 3EB 01-212 3434 My ref:

Your ref:

May 1983

Dear Tim

You wrote to me on 11 February about the re-appointment of Sir Robert Cooke as the Special Adviser to the Secretary of State on the Palace of Westminster. I am writing to confirm that Sir Robert was re-appointed on the basis of 2 days per week with effect from 10 January 1983.

I am copying this letter to Mary Brown and Murdo MacLean.

Allen Mas

MRS H F GHOSH Private Secretary Govern Physics TO THE REPORT OF THE PARTY.

Gest Mach 10 DOWNING STREET From the Principal Private Secretary MANAGEMENT IN CONFIDENCE SIR ROBERT ARMSTRONG MR PRIOR'S NEW SPECIAL ADVISER You discussed with the Prime Minister yesterday evening the amount to be paid to the new Special Adviser to Mr Prior. You pointed out to the Prime Minister that under the existing rules, Special Advisers reaching the age of twenty-six should be paid at the minimum of the Principal's scale. However, Mr Prior's new adviser would not be carrying out the full range of a Special Adviser's duties, but would be mainly employed on speech-writing for Mr Prior. In view of this, the Prime Minister thought that the right course would be to pay him what he had been receiving in his previous post plus 5 per cent. FER.B. 14 April 1983



Please copy to Mr. Ingham & file

Treasury Chambers, Parliament Street, SW1P 3AG 01-233 3000

11 April 1983

F E R Butler Esq. 10 Downing Street LONDON SW1

Dear Robin,

SPECIAL ADVISERS

You wrote to me on 23 March about William Hague. You will be aware of the arrangement which has since been negotiated, with the Prime Minister's agreement, for him to be taken on to the strength of the Conservative Research Department.

Rumours about Hague's future reached the press a couple of weeks ago, and press interest could conceivably be revived by the news that Robin Harris has been selected as a Parliamentary candidate, and that his departure, coming — quite coincidently, of course — close after Douglas French's, means that we are shedding two Special Advisers. We would not of course wish to stimulate such interest, but it has occurred to us that Press Offices ought perhaps to have some guidance, and I attach a note which you might like to pass to Bernard Ingham.

Copies of this letter and the note go to Peter Cropper at Conservative Central Office and - though the points it covers seem unlikely to come up in the House - to David Heyhoe in the Lord President's Office.

JOKERR

Principal Private Secretary

WILLIAM HAGUE, ROBIN HARRIS AND DOUGLAS FRENCH

1. WILLIAM HAGUE

Recent articles in the Times and Sunday Times have asserted that William Hague has been or is to be appointed a Special Adviser at the Treasury, and it is possible that there will be further questions from the Press about him from time to time. These reports are incorrect, and you may find it helpful to draw on the following notes in response to further queries about him.

Line to take

Mr Hague has not been appointed a Special Adviser, but is being employed temporarily by the Conservative Research Department at Central Office. All enquiries about him are being handled by Central Office Press Department.

Background (not for use)

Mr Hague will be working on the economic side in the Conservative Research Department, in which capacity he will undertake work for Treasury Ministers from time to time, as do other Research Department officers for Ministers.

2. ROBIN HARRIS

Following his selection as prospective Parliamentary candidate for Tooting, Mr Harris is resigning from the post of Special Adviser on 15 April, and will be returning thereafter to the economic side of the Conservative Research Department.

3. DOUGLAS FRENCH

Mr French resigned from the post of Special Adviser on 31 March in order to return to his business.

4. SPECIAL ADVISERS

Neither Mr Harris nor Mr French is being replaced. This leaves Adam Ridley as the sole remaining Treasury Special Adviser.

Governon Alugaria



10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

Mr. Jeffrey Sterling

The Prime Minister has seen your minute of 31 March and the attached letter from Mr. Sterling to Sir Peter Carey.

In your pagraph 6 you propose that you should say to Sir Peter Carey that the least that should be done is that Mr. Sterling should write to the Secretary of State for Industry to the effect that, while he has had nothing to do with the Department of Industry's relations with BET or Rediffusion Limited, he considers that, while acquisition by Town and City of British Electric Traction is under consideration and until it is either abandoned or completed, he must ask to be released from his duties as an adviser to the Department of Industry. The Prime Minister has commented that this is the very minimum - and there would have to be quite a gap before Mr. Sterling returned to the Department of Industry.

You may wish to discuss this further with the Prime Minister at your next meeting with her.

. IX J. COLES

5 April 1983

PERSONAL AND CONFIDENTIAL

VC

PERSONAL AND CONFIDENTIAL

Ref. A083/1004

PRIME MINISTER

Prime Minister

Diswiss with Six R Armstrong?

MUS 31/3

As you know, Mr Jeffrey Sterling is an adviser to the Secretary of State for Industry.

- As you will see from the attached letter which Mr Sterling has sent to Sir Peter Carey, Mr Sterling's company, Town and City, is contemplating the possibility of a bid for British Electric Traction (BET), one of whose subsidiaries is Rediffusion Limited. The Department of Industry has dealings both with BET and with Rediffusion, and of course with GEC, who might be involved.
- I have been consulted about the proprieties of Mr Sterling's position.
- Clearly, if Mr Sterling has to make a choice between his duties as an adviser to the Department of Industry and his involvement in Town and City, he will choose Town and City. But the Secretary of State for Industry does not wish to lose his services as an adviser, which both he and the Department value.
- This has of course to be considered against the background of the Cockfield case: those who have been criticising Lord Cockfield would be quick to criticise Mr Sterling and the Secretary of State for Industry.
- I think, and I propose to say to Sir Peter Carey, that the least that should be done is that Mr Sterling should write a letter to the Secretary of State, stating that, while he has had nothing to do with the Department of Industry's relations with BET or with Rediffusion Limited, he considers that, while this acquisition is under consideration and until it is either abandoned or completed, he must ask to be released from his duties as an adviser to the Department of Industry. That period could of Monopolies and Mergers Comparting the Monopolies and Mergers Compart thinks that that is unlikely. course be quite a long time, if the acquisition was referred to the Monopolies and Mergers Commission, though Sir Peter Carey

PERSONAL AND CONFIDENTIAL

- 7. The question is whether a letter of that kind, and Mr Sterling's withdrawal from his duties as an adviser while the acquisition was in progress, would be sufficient to deal with political criticisms, or whether it is necessary to ask Mr Sterling to resign completely which neither he nor the Secretary of State is anxious that he should have to do.
- 8. I should be grateful if I could have a word with you about this.

KTA

ROBERT ARMSTRONG

31 March 1983

4, Carlton Gardens, Pall Mall, London, SWIY 5AB. 01-839 5611

Jeffrey M. Sterling, CBE

Personal

I refer to the short conversation that we had with Patrick yesterday with reference to the possibility of my Company making a take over bid for BET.

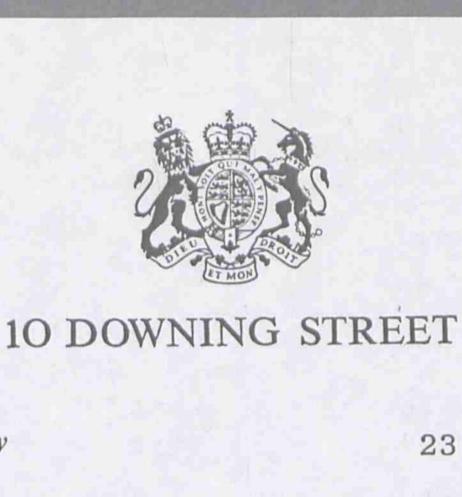
I first mentioned this to Patrick last Thursday as my discussions have reached the stage that a bid was becoming a possibility in the coming months, maybe as early as a month to six weeks from now.

I have been very interested in this company for several years as several of its activities are closely allied to those in my original company, Sterling Guarantee Trust, which is now the industrial service division of Town & City. As you may remember my own background is both financial and operational management and I became involved in sorting out Town & City some years ago at the request of the Prudential, Barclays and the Bank of England. This sort out is more than completed and Town & City is moving from strength to strength and we are now in a position to expand both organically and by acquisition. More important my colleagues are more than ready to assume further management responsibility.

The size of BET compared with Town & City is such that I decided sometime ago that if we did wish to move we would have to dispose of one or two of the subsidiary companies in order not to become too highly geared. Following that thinking through I went to have a chat with Arnold Weinstock, my initial idea being that he might be interested in Rediffusion and that would produce sufficient cash to meet our debt equity requirement. In practise Arnold indicated that he would be much more interested in a major strategy which would consist of injecting some of his service companies into Town & City thereby acquiring a sizeable share stake with the idea being for Town & City to make a bid for BET, which, if successful, would give GEC a stake in the overall Group of something over 20%. This would be an on going strategy with the intention of Town & City becoming a major force in the service industry field, both here and overseas. As you know Arnold and I have known each other for some twenty years and from time to time there have

in business in order to have a view point which is backed by present day experience. In the ultimate I hope, without sounding pompous, one's track record regarding integrity and reputation is what it is all about.

Although I happen to be Chairman of a company, of which a major division is in the property field, in practise any part that I may play for the Department has always been due to my experience in managing, running and sorting out operational companies. I leave the thought with you.



From the Principal Private Secretary

23 March 1983

APPOINTMENTS IN CONFIDENCE

Dear John,

The Prime Minister discussed with the Chancellor of the Exchequer this evening the proposed appointment of Mr William Hague as a Special Adviser to the Chief Secretary, about which the Chancellor wrote to her on 17 March.

The Prime Minister said that, however promising Mr Hague is, the appointment of someone so young and with so little experience would be an embarrassment to the Government and would be resented by more experienced people in the Conservative Research Department. She also had reservations about the degree of access to Treasury policy papers which appointment as a Special Adviser would give Mr Hague. She suggested that, if the Chancellor and the Chief Secretary wanted Mr Hague to help with speeches, he should be employed by the Conservative Research Department or some other private source.

The Chancellor said that he would discuss the matter further with the Chief Secretary, in the light of the Prime Minister's comments.

Your ever, Robin Butter

John Kerr Esq., HM Treasury.

APPOINTMENTS IN CONFIDENCE Prime Minister Promising though William Hagne is, it is a bit difficult to see what a (21-year old will contribute as a special) advises in the Treneny. But there have Annaly been references in the proof to this Treasury Chambers, Parliament Street, SWIP 3AG appointment, and - Uni is a finnelle. So I think that it and would be depty menting the 1983 is well advanced. FERB many who have F E R Butler Esq incomed - ccommic 18.3. 10 Downing Street LONDON SWl K Indeed I gather that he has twent down adoption ds a New Rybon. condidate in order to do this 106. SPECIAL ADVISERS AT HM TREASURY As you know, there have under this Government been three Special Adviser posts here. Adam Ridley has been here since 1979, Robin Harris succeeded George Cardona in 1981, and Douglas French succeeded Peter Cropper a year ago. Douglas French has now decided that he must return to his own business, and will be leaving at the end of this month. The Chancellor - and the Chief Secretary, whose Adviser Douglas French notionally is are minded to appoint as his successor William Hague, a copy of whose c.v. I attach. (The Prime Minister will I am sure remember his 1977 Party Conference speech as a 16 year old schoolboy!) The Prime Minister's approval is of course required for the appointment of a Special Adviser. I should be most grateful if you could

confirm that she would be content with the appointment of William Haque.

I should perhaps add that the question of the appropriate salary has not yet been settled. Given Hague's (lack of) age, it would be rather lower than that now paid to Douglas French.

Johnsen, .

SlugRAPHICAL DETAILS OF WILLIAM J. HAGUE

DATE OF BIRTH

: 26th March 1961

EDUCATED

: Greasborough Primary School 1966 - 72 Wath-on-Dearne Comprehensive School 1972 - 79

Magdalen College, Oxford 1979 - 82 -First Class Honours in Philosophy, Politics & Economics.

EMPLOYMENT

: Public Affairs Division, Shell UK Ltd., since September 1982

POLITICAL EXPERIENCE

: Chairman, Rother Valley Young Conservatives and Chairman, Group One of Yorkshire Area Young Conservatives 1977 - 79.

President, Oxford University Conservative Association 1981 (previously Political Action Officer and Secretary)

Election Director, Central Ward of Oxford City Council 1981

Chairman, Wessex Area Federation of Conservativ Students 1981 - 82

President of the Oxford Union 1981 (previously Secretary and Treasurer)

EXPERIENCE

PUBLIC SPEAKING AND MEDIA Winner of the 1977 Yorkshire TV Public Speaking Competition

> Spoke at the Conservative Party Conference 1977 and 1980 any many other minor conferences

> Since 1977 a regular speaker to meetings and dinners of many kinds; for example: Rotary Clubs, Junior Chamber of Commerce, Round Table, Continuity, Birthright, British Medical Association, English Speaking Union, Institute of Bankers and Conservative Party events.

Toured American Universities, debating Northern Ireland, April 1982

Appeared on television programmes such as: Nationwide, Look North, Calendar, and Good Afternoon; and radio programmes including: Any Questions? The World at One, Start the Week (Radio Four), and Newsbeat and Talkabout (Radio One).

Written articles for various publications, including "The Daily Mail".



10 DOWNING STREET

From the Private Secretary

11 February 1983

avo

The Prime Minister has seen your Secretary of State's minute of 10 February about the appointment of Sir Robert Cooke as his Special Adviser for the Palace of Westminster on all matters relating to accommodation. Mrs. Thatcher has agreed that Sir Robert may be re-appointed and has commented that since Sir Robert spends far more time than the one day a week on which his appointment is based and to such good effect we should now consider paying him on the basis of two days a week rather than one.

I am sending a copy of this letter to Mary Brown (Lord Privy Seal's Office) and Murdo Maclean (Chief Whip's Office).

Tim Flesher

David Edmonds, Esq., Department of the Environment.



Prie Murter.

Agree?

Prime Minister

In 1979 you approved the proposal by Michael Heseltine that Sir Robert Cooke be appointed his Special Adviser for the Palace of Westminster on all matters relating to accommodation. Sir Robert was appointed with effect from 1 December 1979, on the basis of one day per week, and has since continued his invaluable contribution to the working of the Palace of Westminster.

As a special adviser Sir Robert's appointment terminated with Michael Heseltine's move. I should very much like to take advantage of Sir Robert's very special knowledge and experience of the architecture, furnishing and history of the Palace of Westminster, and should be grateful for your approval to re-appoint him on similar terms as before. Although he spends considerably more time than the contracted one day per week, Sir Robert is content to continue the existing arrangements.

I am copying this letter to Janet Young and Michael Jopling.

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PRESS NOTICE

CF manfile

The Prime Minister has appointed Sir Anthony Parsons GCMG to be adviser on foreign affairs with effect from 1 January 1983. Sir Anthony Parsons will work at 10 Downing Street in close co-operation with the Foreign and Commonwealth Office and with other departments with an interest in foreign affairs.

NOTE FOR EDITORS

- 1. Sir Anthony Parsons's appointment has been made in consultation with the Foreign and Commonwealth Secretary. It is designed to facilitate and reinforce the continuous contact between 10 Downing Street and the Foreign and Commonwealth Office in the formulation and furtherance of foreign policy.
- 2. The appointment will be part-time, on the basis of three days a week. It will carry the grading of Second Permanent Secretary.
- 3. Sir Anthony Parsons was born in 1922. He was educated at King's School, Canterbury and Balliol College, Oxford. He joined the forces in 1940; and transferred to the Diplomatic Service in 1952 when he went as Assistant Military Attache to Baghdad. His career in the Diplomatic Service has included spells in a number of posts in the Near and Middle East and in the Gulf; he was British Ambassador in Iran from 1974-79. He served as Counsellor in the United Kingdom Mission to the United Nations from 1969-71, and as United Kingdom Permanent Representative to the United Nations from 1979-1982. He retired from the Diplomatic Service in July 1982.

SPEAKING NOTE FOR BERNARD INGHAM

A press notice has been issued from 10 Downing Street about the appointment of Sir Anthony Parsons as adviser on foreign affairs. This appointment is the result of the consideration which the Prime Minister has been giving to the advice available to her within 10 Downing Street. The Prime Minister has concluded that reinforcement was needed in the areas of foreign affairs and defence to complement the assistance already given to her by the Economic Adviser, Professor Walters, and the small policy unit headed by Ferdinand Mount, who concentrate on domestic affairs. In addition to Sir Anthony Parsons, an Assistant Secretary from the Ministry of Defence, Mr Roger Jackling, will also be joining the Prime Minister's office to cover defence matters. Mr Jackling will take up his post on 31 January.

NOTES FOR SUPPLEMENTARIES

1. Any other appointments envisaged ?

Not at presnet. But as the Prime Minister said in the House on Thursday 11 November:-

"I am not setting up a Department. I have a Prime Minister's Office. From time to time, there have been considerable changes in that Office.....

I feel that we should have some foreign affairs advice in addition to the other advice available in No 10, but through the Prime Minister's Office, not a non-existent Prime Minister's Department".

2. Will Sir Anthony Parsons and/or Mr Jackling assist with intelligence material?

We do not comment on the handling of intelligence material.

3. Mr Jackling's background ?

Aged 39. Educated Wellington College, New York University and Jesus College, Oxford (International Politics). Married with two sons (born 1978 and 1981). Son of Sir Roger Jackling, former Ambassador to Bonn.

He joined the Ministry of Defence in November 1969. He has a good understanding of Private Office work having served as Private Secretary to the Permanent Under Secretary (Army) (1970-71) and as Assistant Private Secretary to the Secretary of State (1976-79). He has a very sound working background on NATO, Nuclear policy and crisis management. Most recently as Head of DS11 he has been dealing with non-NATO Defence policy and was and is very deeply involved in Falkland Islands business. He was awarded the CBE for the part he played in the Falklands Operation.

4. Will Mr Jackling be working for Sir Anthony Parsons ?

No: he will be complementary to him, concentrating on defence while Sir Anthony Parsons concentrates on foreign policy. Because the two subjects are so inter-linked, they will work closely together.

5. Status of Sir Anthony Parsons and Mr Jackling ?

Sir Anthony Parsons will be a special adviser, engaged like other special advisers under a contract which will expire at the next General Election. Mr Jackling is a civil servant, who will be seconded to 10 Downing Street like other civil servants working there.

6. Sir Anthony Parsons's political views ?

He is a foreign affairs adviser not a political adviser. His political views are entirely a matter for him. We have no idea what they are.

7. Numbers at 10 Downing Street ?

Sir Anthony Parsons's and Mr Jackling's appointments are not expected to require the appointment of additional support staff at 10 Downing Street. On 1 November 1982, staff in the Prime Minister's office totalled 67 civil servants and 4 special advisers. This compares with 65 civil servants and 4 special advisers in 1 May 1979.

8. Does appointment of Jackling rather than, say, Cooper signify greater priority given to foreign affairs than defence?

No. The priority given to any area of government depends on circumstances and events.

But the workload on the foreign affairs side tends to be heavier, given the Prime Minister's involvement in the European Council, Economic Summit and frequent meetings at home and abroad with foreign statesmen.

9. Pay of the two

Sir Anthony Parsons will be paid at three fifths of the Second Permanent Secretary rate (i.e. $3/5 \times £35,000 = £21,000$). Mr Jackling is paid on the normal Assistant Secretary scale.

10. Can we expect further expansion of the office after the Election ?

These two appointments have been made to meet a specific need. The Prime Minister's Office is still about the same size as under the last Administration. There are no grounds for suspecting some deep-laid plot to move towards a Prime Minister's Department.

11. Do these appointments stem from the Prime Minister's experience over the Falklands?

Not directly. They reflect the Prime Minister's reflections about the support she has needed over the whole of her three years in office so far. She knew Sir Anthony Parsons well before the Falklands capaign.

12. Further changes following the Franks report, particularly on intelligence?

We must wait and see what Franks says.



GOV. MACH.

10 DOWNING STREET

From the Private Secretary

23 November 1982

The Prime Minister has now seen your Secretary of State's minute of 19 November about the appointment of Dr. Lynda Rouse as his Special Adviser. The Prime Minister was content with the Secretary of State's proposals on the understandings that: first, there can be no undertaking to take Dr. Rouse back into the Conservative Research Department if her services as an adviser are no longer needed; and second, that Dr. Rouse should be paid on the scale appropriate to a political adviser according to normal Treasury rules. In this context the Prime Minister has stressed that Dr. Rouse cannot be treated as an expert adviser.

Tim Flesher

Julian West, Esq., Department of Energy.

20

PRIME MINISTER

NIGEL LAWSON'S SPECIAL ADVISER

I understand from Energy it is proposed that Nigel Lawson's Special Adviser should be paid as an "expert" rather than as a "political" adviser. In practice this means a difference of some £900 i.e. between £14,200 and £15,100. This would, I am told, make the difference between her acceptance and refusal of the post.

In these circumstances are you content to let your agreement to the proposal stand or do you wish to insist on the lower figure? Alternatively we could ask the Department for further information on why they think the "expert" scale is appropriate.

22 November, 1982 Sut she mi- an Engel-it She is not buy hutualis a jear polision. Relea to Duris Wolfer. Prime Minister a Loga reader and aware proposal?

(N.) Well I clay for some in the proposal?

SPECIAL ADVISER a laws in the remaining free first proposal?

I would very much like to appoint Dr Lynda Rouse as my special Adviser (1) and the Upon Impartly for some time, me to help improve the formulation and presentation of policy in my Department.

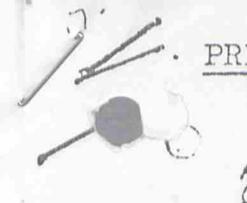
As you know, I have been convinced of the need for an Adviser for some time, to help improve the formulation and presentation of policy in my Department.

Dr Rouse's name was one of the first that I considered but, at that time, there was no prospect of her moving from the Conservative Research Department.

I have since considered a number of other candidates, but have found no-one with qualifications to match hers. In addition to the ability and political acumen she has shown since 1979 at the CRD, where for two years she worked on the energy desk before being promoted to head of the economic section in June of last year, she has wider experience and expertise which would make her particularly valuable to me as an adviser. She has a doctorate in physical chemistry and, after a period with the Science Research Council, was Head of the Technical Planning Unit at the Materials and Energy Research Centre in Tehran. She has also published articles on solar energy in scientific journals. In short, I see her as as much an expert as a political adviser.

She is keen to join the Department and Peter Cropper is now prepared to release her from the CRD. At Peter's request, I have agreed that she should continue to work on the economic section of the Campaign Guide. Nevertheless, she fully understand that she has no right of return to the Research Department. I am certain that she would be an excellent acquisition and very much hope that you will agree to her appointment.

Secretary of State for Energy 19 November 1982





Sir John Hoskyn:
Windrush
Great Waldingfield
SUDBURY
Suffolk
CO10 ORZ

Department of the Environment and Department of Transport

Common Services
Room N14/05

2 Marsham Street London SW1P 3EB

Telex 22801 Direct line 01-212 4072 Switchboard 01-212 3434

13 September 1982

D. S. Ien

Following your discussions and correspondence with the Secretary of State and the Permanent Secretary about the terms and conditions of your appointment as Special Adviser on transport issues to the Secretary of State for Transport, I am writing to convey a formal offer of appointment.

- 2. You are appointed Special Adviser to the Secretary of State for Transport with effect from 12 July 1982. Your appointment terminates at any of the following points, should they occur:
 - a. the end of the present Administration; or
 - b. when the Secretary of State leaves the Government or moves to another appointment; or
 - c. in the event of a General Election, the day after polling day.

Your duties will be those laid down by the Secretary of State.

- 3. Although as an employee of the Crown you hold your appointment at the pleasure of the Crown, you can expect that, unless any of the circumstances in paragraph 2 above apply, your appointment will not be terminated unless you have been given not less than 3 months' notice in writing. You may yourself terminate your appointment by giving not less than 5 weeks' notice in writing.
- 4. You will be employed on the basis of an average of 3 days duty a month for which you will receive a salary of £4,500 per annum. Your appointment will be subject to the appropriate terms and conditions of service in force in the Civil Service from time to time. You will be subject to the provisions of the securing procedures in force in the Department of Transport. We shall not need to pursue the special enquiries known as positive vetting, as your previous clearance is still current.

- Service Pay and Conditions of Service Code, with the exception of the rules relating to the acceptance of outside business appointments after the termination of your appointment and certain aspects of the rules on political activities (see paragraph 6 below). A copy of the Code will, you have already seen the relevant parts of it. I should particularly draw your attention to the rules governing participation in outside activities (Code paragraphs 9910-9911) and the general principles of (Code paragraph 9930). All queries arising from the rules of conduct in the Code should be addressed to me on behalf of the Permanent Head of the Department.
- out in Code paragraphs 9922-9950. As a Special Adviser you will be subject generally to those provisions set out in those paragraphs which are applicable to civil servants in the "politically restricted" group. You have discussed with the Secretary of State and the "Permanent Secretary the application of these provisions during the period of your appointment, and I understand that you are agreed on the need to avoid public comment on transport matters and also to avoid, in what you publicly say or write, sensational, polemical or indiscreet things (to use your own expression). Any doubts you may have on this at the time can, I am sure, be safely handled by your putting them in advance to the Permanent Secretary.
- 7. I should be grateful if you would confirm by indicating at the foot of this letter (a copy of which is attached for your retention) that you are willing to accept, on these terms, the appointment hereby offered.

Yours commenty

Konon Dert

B L W DEXTER

1 Jan 82

Hagres & acupha

APPOINTMENTS IN CONFIDENCE Subsection of the Prime Minister has now seen your

The Prime Minister has now seen your Secretary of State's minute of 16 August about the proposed appointment of Mr. Ed Berman as his Special Adviser on Inner City Policy. She has approved Mr. Berman's appointment on the basis proposed.

I am sending a copy of this letter to John Halliday (Home Office).

()

(TIMOTHY FLESHER)

Roger Bright, Esq., Department of the Environment

APPOINTMENTS IN CONFIDENCE

APPOINTMENTS IN CONFIDENCE

Prue Murter



Avenue to Augus

PRIME MINISTER

I should be grateful for your approval to appoint Mr Ed Berman as my Special Adviser on Inner City Policy, with special reference to the role of voluntary organisations.

Mr Berman is at present a member of the Inter Action International Institute for Social Enterprise, a unit which is concerned with training, research and action in mutual help and social problem solving. In the course of his work for my Department, Mr Berman will look at the involvement of the voluntary sector in inner area programmes. We will be considering, in particular, how to increase the 'leverage' of private funds. I am convinced that he could make a major contribution to improving the understanding of central Government about both the potential and the needs of the voluntary sector.

It is proposed that Mr Berman's appointment will be for a period of 9 months, working on a part-time (two-thirds) basis. The other terms of the appointment, including salary, will be cleared with the central departments.

Mr Berman is keen to avoid any possible conflict of interest. A memorandum of understanding is being prepared which will cover any continuing contacts with Inter Action (and in particular the position on grant applications for the Urban Programme), the area of his responsibility within DOE and the application of the Civil Service rules of conduct.

I am sending a copy of this letter to the Home Secretary, whose voluntary services unit keeps an eye on Government involvement with the voluntary sector generally.

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HM

quet Mah

6 July 1982

Secretary of State's minute of 2 July, in which he seeks her approval for the appointment of Sir John Hoskyns as his part-time special adviser on transport affairs. The Prime Minister is content with this appointment, subject to satisfactory terms being agreed with the Treasury.

I am copying this to Jim Buckley (Lord Privy Seal's Office) and Peter Jenkins (HM Treasury) and also to David Wright (Cabinet Office).

WR

Anthony Mayer Esq Department of Transport.

n prime minister CONFIDENTIAL Substanting terms being agreed? Prime Minister I have it in mind to appoint Sir John Hoskyns as a part-time special adviser on transport affairs. My expectation is that he would put in about two to three days a month in this capacity. I think John Hoskyns will be of particular help to me in the consideration of political and financial analysis and choice across a number of the transport problems facing us, including of course British Rail. I do not think I need rehearse his qualifications for this role. I should be grateful for your approval to this appointment. I will of course agree the precise terms of service with the Treasury. I am copying this minute to Janet Young and Geoffrey Howe. DAVID HOWELL 2 July 1982 CONFIDENTIAL



Re AH ce CDLO

10 DOWNING STREET

From the Principal Private Secretary

21 June 1982

APPOINTMENTS IN CONFIDENCE

Dew Imagen,

The Prime Minister has seen your Secretary of State's minute of 17 June 1982 and is content for him to appoint Oliver Letwin as his Special Adviser on an unpaid and part-time basis.

I am sending a copy of this letter to Keith Long (Chancellor of the Duchy of Lancaster's Office).

Yours swindy, Shiring.

Mrs Imogen Wilde, Department of Education and Science. PRIME MINISTER

E Conner? Us m buy

There are some ticklish policy choices looming in education with large political implications. I am particularly glad, therefore, that Cecil Parkinson and Peter Cropper have proposed to allocate Oliver Letwin, who is just joining the Research Department, to the education desk.

- You know his parents, Shirley and Bill Letwin: Oliver, after a brilliant career at Cambridge, has just come back from a year at Princeton. He is a particularly mature as well as intelligent young man.
- 3 The first work on which I wish to deploy him is connected with:
 - a dispute about research results on standards in comprehensive a schools;
 - policy in connection with vouchers; b
 - options as a result of Rothschild; and C
 - questions relating to examination criteria and whether to merge or just to harmonise 'O' and CSE examinations.
- On each of these subjects Stuart Sexton will continue to help but he is busy - and very useful - and I shall value the mind of Oliver Letwin in addition.
- Oliver can be most effectively used if he can sit in at some meetings and can see some Departmental papers. To secure this his position would need to be formalised as explained below.
- Oliver will be employed by the Research Department. He would be appointed as Special Adviser to me on an unpaid and part-time basis. I would look to him for expert advice in the areas indicated above and other areas from time to time. He would have access at my discretion to some official papers in these areas and would attend some Departmental meetings.
- May I have your permission to appoint Oliver Letwin as Special Adviser on this basis?
- I am copying this to Cecil Parkinson.

MANAGEMENT - IN CONFIDENCE

Continuel

10 DOWNING STREET

From the Private Secretary

1 June, 1982

The Prime Minister has seen your Secretary of State's minute of 27 May. She is content for him to appoint Mr. Stephen Sherborne as a political adviser and speechwriter, on terms acceptable to the Treasury. She understands that the intention is broadly to match Mr. Sherborne's current salary.

I am copying this to Keith Long in Mr. Parkinson's office.

L.W. F. S. RICKETT

Jonathan Spencer, Esq., Department of Industry

Res



Prime Minister You asked about salary. Mu Sherbane is now believed to be earning £ 16,000 - 17,000. The intention is to match this. Cartent? 14 28%.

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MANAGEMENT IN CONFIDENCE

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PRIME MINISTER

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Prime minister 1

Content for my Jenkin to approint

Stephen Sherborne as a political adviser

and speech writer?

Yes no

I have been concerned for some time about the presentation of policy by this Department. We have all heard the criticism from our supporters that our policies may be alright but that we do not present them as well as we might. I have taken a number of initiatives within the Department to try to get this right and I hope that we will be able to do better in future.

- 2 There is, however, one matter on which I need your agreement. DoI Ministers make a great many speeches to influential audiences all over the country. Speeches are perhaps the most important form of communication which we deploy, and the sheer number of opportunities which we have to spell out Government policy means that it is vital that we make the most of them.
- 3 After some eight months' experience in the Department, I have come to the conclusion that we must have more support for speech-writing. In particular, we need someone who can take the, often admirable raw material which officials provide and mould it into speeches which will catch the ears of the media. Of course, this is a role for Ministers themselves but the number of speeches we make, and the other pressures on our time, mean that we find we cannot devote the attention we should to this task.



- 4 I have discussed this with Cecil Parkinson and he has been sympathetic and helpful. He suggested that, following the example of one or two other Ministers, we might secure the services of a special adviser who could devote the great bulk of his time to helping Ministers to work up speech material and to improve the projection of our policies. He felt that someone who had an understanding and sympathy for the main thrust of our policy would be the most suitable kind of person to look for. He went on to suggest to me a number of names.
- 5 The name that has come top of our list is Stephen Sherborne whom of course you will know. After he left the Research Department, he has been working in industry (Gallaher Limited) but is anxious to return to make a contribution to public life. He is, as you know, a very able man who has had a good deal of experience in this particular role. He has been kind enough to indicate that if the way were open, he would be very willing to join us at the Department of Industry to do the kind of work we envisage.
- 6 I have discussed this proposal with Sir Peter Carey who is in agreement with it. He has also satisfied himself that the appointment of Stephen as a special adviser would fully accord with the guidance which you have laid down, and that the salary which Stephen would expect could be accommodated without difficulty or embarrassment.



7 As you know, Jeffrey Sterling is already helping as a part-time, unpaid specialist adviser on the financial and other aspects of privatisation and property disposal. Stephen Sherborne, if you agreed to his appointment, would rank as a special political adviser so that there would be no conflict or duplication.

8 Cecil Parkinson has warmly endorsed my proposal that Stephen should be invited to join the Department and I accordingly seek your agreement.

9 A copy of this goes to Cecil Parkinson.

PT

PJ

27 May 1982

Department of Industry Ashdown House 123 Victoria Street

24 March 1982

The Prime Minister has seen your Secretary of State's minute of 22 March about the appointment of a Special Adviser. She is content for him to appoint Mr. Nicholas True, on the usual understandings and on terms acceptable to the Treasury.

I am copying this to David Wright (Cabinet Office).

W. P. S. RICKETT

D.J. Clark, Esq., Department of Health and Social Security.

Prime minister 1

Content for my Fowler to appoint Nichous True as appoint Nichous True as his Special Adviser?

Prime Minister

For some time I have felt that it would be extremely useful if I had within the Department a Special Adviser who would be able to assist in the public presentation of our policies in health and social security. This would involve consideration of the best ways of publicising decisions, drafting speeches and in some cases carrying out an initial examination of different options. I feel that this will be particularly important in the next 18 months.

This led me to consider whether there were any possible candidates who might, with your permission, be able to come here as a Special Adviser. There is one outstanding candidate and that is Nicholas True of Conservative Research Department. I have talked informally with Cecil Parkinson on this and he believes that such a move would be a good idea - not least because it would broaden Mr True's experience.

I believe that Mr True would be prepared to serve as a Special Adviser on the usual understandings, and I think that it would be possible to arrange for his appointment on terms (broadly within the Principal pay range) which would meet the Treasury requirements. If Mr True did come to the Department I gather that he should be able to be given leave of absence by the Central Office for the period concerned.

I would be very grateful if you would agree to this. I believe there is a good story to tell in social services and health and I would see such an appointment as a significant step towards improving the presentation of our policies.

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Sou

15 March 1982

The Prime Minister has seen your Secretary of State's minute of 12 March, and is content for him to appoint Mr. Jeffrey Sterling as his Special Advisor.

W F S RICKETT

Jonathan Spencer, Esq., Department of Industry.

JFF243

Jon have already agreed hult
my Jenkin can approint his
my Jenkin can approint his
feeling, but you may like to
Steeling, but you may like to
Account for your agreement that I should appoint a
Special Advisor to succeed David Young, and that you were
content for me to approach Jeffrey Sterling for this post.

I have now seen Jeffrey, and he has told me he is willing to do the job. The details have yet to be settled, but he will probably devote about 1½-2 days per week to the job (unpaid), while retaining his present post as Chairman of Town and City Properties. He is willing to start as soon as the necessary arrangements can be made. I should therefore be grateful for your permission to make this appointment.

PT

PJ

Department of Industry 12 March 1982



the And Mach CC Sir Armshy

10 DOWNING STREET

From the Principal Private Secretary

5 March 1982

PERSONAL AND CONFIDENTIAL

Den Jonathan,

The Prime Minister has seen your Secretary of State's minute of 4 March 1982 about his wish to appoint a Special Adviser to succeed David Young and she is content for him to approach Jeffrey Sterling.

your son

Shore Whirmore.

Jonathan Spencer Esq., Department of Industry. JH 307



PRIME MINISTER

Two- go afran Mr Starking? 400

I have been considering whether I should appoint a Special Adviser in place of David Young, and if so whom I should appoint.

- As I wrote to you earlier, David was providing a valuable, complementary source of advice and action on a whole range of topics of immediate importance to the Government's objectives. On a range of issues his City experience, his understanding of the world of property and his qualities as a "doer" as well as a "thinker" came to be highly valued not only by Ministers in this Department but also by senior officials.
- We face a series of problems where exactly that kind of help will be essential. The continuing liberalisation of British Telcoms, the privatisation of that and other publicly owned industries, the continuing negotiations for the BT Bond - these are all key policies on which City expertise of the quality David could bring is not otherwise to be found within the Department. I have, therefore, decided that if I can attract the right man, I should replace him.
- 4 It is not a job for which it would be appropriate either to advertise or to carry out a comprehensive trawl. I had it in mind to approach half a dozen of the chairmen of the leading merchant banks in the City and seek their help. But there is a candidate who would seem to me so admirably to fill the bill that

PERSONAL CONFIDENTIAL



I would like to sound him out before taking wider advice. He is Jeffrey Sterling, currently Chairman of Town and City Properties Ltd and Deputy Chairman of Motability.

It was, of course, through Motability that I first got to know Jeffrey and he has without any doubt done a superb job.

His reputation in the City for his rescue and re-establishment of Town and City stands very high. I know he has ambitions to do public service because, back in September, when I had one of my regular dinners with him, I sounded him out on his plans generally.

He is a man whom I know well, who I get on very well with and who I trust. He is well known to Sir Peter Carey who warmly endorsed the suggestion that he should take David Young's place. I should be grateful for your permission to approach Jeffrey and find out if he would be willing to do the job.

P.J.

P J 4 March 1982

Department of Industry

Prime Minister

1. CAN KNU12: 2 PRIME MINISTER

12 February 1982 Original on Home Allow, Rece Relation:

RACE RELATIONS AND SIR GEORGE YOUNG

Your office telephoned mine this morning about the reaction to the announcement made yesterday about Sir George Young.

You may find it helpful to glance at the full text of the attached Press Notice. This makes it clear several times that the announcement about George's duties related only to matters falling within the sphere of interest of my Department. It was carefully drafted and presented so as not to over-state the role which George will play. There was no hint that George's responsibility would impinge on any other Government Department, nor reference to the Prime Minister. I understand that the usual Press Office co-ordination with the No 10 Press Office occurred, and that the answer was referred to at yesterday's lobby briefing.

I made the appointment of Sir George after careful discussion with Ministers in this Department. Race matters are a big and increasing element in the work of the Department. In my Private Secretary's letter of 1 February to Clive Whitmore (about advisers from the black community) specific reference was made to the fact that I had asked Sir George to take a particular interest in co-ordinating the Department's approach to the ethnic communities. I was, of course, extremely grateful for your agreement to my proceeding with the special adviser appointments.

I believe that parts of the Press have deliberately misrepresented the terms of a very specific Press Notice. At no stage did George Young or I make any reference whatsoever to your involvement or approval of the arrangement. As far as we are aware, this is a total fabrication, not based on fact or briefing. The comments of some of our back bench colleagues have been reprehensible.

In our comments George and I will emphasise the constructive nature of what we will be doing. It is not a matter which I believe the Government need apologise for.

I am copying this to Willie Whitelaw. I should add that George Young discussed the new arrangement within DOE with Timothy Raison last week.

MH comments to M k durants (Dord) by whole meller were back of the 15592. The question and whole meller was beelly harded. It put me i and definally when I beard chentile at Ten. on Low on I will provering in hinis.

Press Notice 35

11 February 1982

RACE RELATIONS - SIR GEORGE YOUNG GIVEN SPECIAL RESPONSIBILITY

Sir George Young, Parliamentary Under Secretary of State, Department of the Environment, is to take special responsibility for all matters concerned with race relations that fall within the Department's sphere of interests, Michael Heseltine, Secretary of State announced today.

In answer to a Parliamentary Question from John Wheeler, MP (Paddington), Mr Heseltine said:

"I have asked my honourable Friend the member for Ealing, Acton to take special responsibility for matters concerned with race relations in the Department of the Environment's field of activity."

Commenting today Sir George said:

"Many aspects of DOE's work are vital for the development of good race relations and for helping to cure racial disadvantage. Our urban programme is the clearest case of this. But aspects of housing policy are also extremely important, and the same is true of other local authority programmes with which DOE is concerned. I attach particular importance to ensuring that the views of ethnic minorities are taken on board when policies are being formed and decisions taken".

NOTE TO EDITORS

Sir George Young's responsibilities as Parliamentary Under Secretary of State at the Department of the Environment include work on Housing and Construction matters. New Towns and the Property Services Agency. He was Parliamentary Under Secretary of State for Health and Personal Social Services at the Department of Health and Social Security from May 1979 until September 1981 and has been MP for Ealing, Acton, since February 1974. From 1968-1971, Sir George was a councillor of the LB of Lambeth, and sat on the Council for Community Relations there; and, from 1970-73, represented LB Ealing (which includes Southall) on the GLC.

The Government's reply to the report on Racial Disadvantage by the Home Affairs Committee has been published as Cmnd 8476. In response to the Select Committee's recommendation that DOE "should create a specialist unit concerned exclusively with racial disadvantage aspects of their responsibilities", the reply was:

"The Government does not see the need to establish a separate unit within the Department of the Environment as recommended, since this would be divorced from the work of particular policy divisions, with whom the prime responsibility must lie. However, responsibility for taking a general view of racial disadvantage as it affects the Department's whole area of interest has been allocated to the division within Inner Cities Directorate which has most to do with these issues".

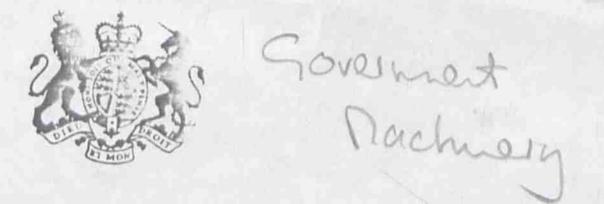
The resources available to local authorities through the urban programme total £210 million in 1981/82 and will be £270 million in 1982/83. The programme is aimed at the regeneration of inner city areas for the benefit of all the residents. It is not specifically geared to meet the needs of ethnic minorities. Nevertheless they do benefit considerably from the Programme, because:-

- (a) more than half (54%) of ethnic minorities live in the areas of partnership and programme authorities; and other authorities designated under the Inner Urban Areas Act 1978.
- (b) about 350 of the projects, costing about £6 million a year, are designed specifically to meet their needs; many of these are run by members of ethnic minority groups themselves; they include training workshops, language tuition, youth and community centres and a wide variety of cultural activities.

Press Inquiries: 01-212 3492/3/4/5/6
Night Calls: (6.30 pm - 8.00 am)
Weekends and Holidays: 01-212 7071
Public Inquiries: 01-212 3434; ask for
Public Inquiry Unit

2 FEB 1984

APPOINTMENTS IN CONFIDENCE 10 DOWNING STREET From the Principal Private Secretary 8th. February 82 Mr. Peter Cropper: Special Adviser When the Paymaster General was here this morning, he sought the Prime Minister's approval for the appointment of Mr. Peter Cropper, who has just joined the Research Department of Conservative Central Office, as his Special Adviser on an unpaid and part-time basis, and she readily gave her agreement. I am sending a copy of this letter to David Wright (Cabinet Office). C. A. WHITMORE Keith Long, Esq., Paymaster General's Office.



10 DOWNING STREET

From the Principal Private Secretary

3 February, 1982.

Thank you for your letter of 1 February about your Secretary of State's wish to appoint one or perhaps two black advisers.

I have shown this to the Prime Minister, and she is content for Mr. Heseltine to proceed as he proposes.

I am sending a copy of this letter to John Halliday (Home Office).

LE A. WHITMORE

David Edmonds, Esq., Department of the Environment. Control Ministre.

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2 MARSHAM STREET LONDON SW1P 3EB

My ref:

Your ref:

& February 1982

ge. Home Attails: Pace Relations

Dea Chive

In the course of his work on Merseyside my Secretary of State has to hold dialogues with representatives of the black groups whose attitude is a key to improving things in the area. A recurrent theme is that the problems of the black community are different, not understood, and not the subject of proper consultation. Equally it is difficult for either the Secretary of State or his Task Force to move about within the black community to see if behind the self selected and articulate there are more reasonable and constructive potential leaders. This problem exists not only in Liverpool but also where there are substantial numbers of West Indians and Asians. By and large these are in "inner cities", The Urban Programme is an important source of funding for them, even though it is not a specifically "ethnic" programme. But there are difficulties about choosing the best types of project from those that local authorities put forward and about arrangements for consultation with local groups. These are simply examples, though important ones, of the wider issue of how local authorities respond to the needs of ethnic minorities - to which the recent select committee report drew attention.

In replying to that, the Government has rejected the idea of a separate unit in DOE concerned exclusively with racial disadvantage, but announced that the Inner Cities Directorate (whose responsibility includes the Urban Programme) would be given responsibility for taking a general view of racial disadvantage as it affects the Department's own area of interest. My Secretary of State has also asked Sir George Young to take a particular interest in co-ordinating the Department's approach to the ethnic community.

In furthering this work, my Secretary of State believes that it would be extremely valuable to have advice available to him and to the Department on these issues from someone who might be expected to have the confidence of ethnic groups and who would be knowledgeable both about the workings of public authorities and about the particular difficulties of black enterprises. He believes that such advice could come only from a member of the black community. Indeed he believes that he needs to be seen to be influenced by such advice. He therefore has in mind to appoint one, but probably two, people as special advisers, if the Prime Minister agrees.

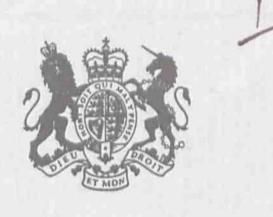
His immediate proposal is to appoint someone with public sector experience to help with the work described above, but he wants to give further thought to finding also a black manager from the private sector. He believes that it would help very much in getting big companies thinking constructively if they were dealing with someone with private sector experience. The Prime Minister will be aware that American experience

has moved very much in this direction since the inner city disturbances there in the 1960s. In both cases he has in mind that in view of the unusual nature of the field of selection, appointments should desirably be for a period of 6 months in the first instance. If, however, the particular individuals proved satisfactory my Secretary of State would expect to want to extend their appointments until they ceased under the terms of Sir Ian Bancroft's letter of 14 May 1979. The procedure for appointment of special advisers laid down in that letter would of course be followed when it cam to the choice of an individual. But the proposal for my Secretary of State to appoint a black adviser at all is likely to attract wide interest, and he therefore thought it right to seek the Prime Minister's approval at this stage. He has discussed the idea with the Home Secretary, who supports it.

I am copying this to John Halliday (Home Office).

D A EDMONDS

Private Secretary



10 DOWNING STREET

Promi Kinistr. for comment below - these advisers would almost carrainly not be voluntary hor would te pari on the basis, er cears inkully, of a 6 - multis contract. Nearly all spend advisers are of arm paid from public fames. Shi anteur for the Herelloni to go chear?

Les - but everything

higes on findings the

reported.

The person (5).

APPOINTMENTS IN CONFIDENCE

Ref. A07299

MR WHITMORE

Mr Douglas French: Special Adviser

Thank you for your minute of 15 January asking us to look at the proposal to appoint Mr French as a Special Adviser.

Since Mr French has undertaken formally to resign his partnership for the duration of the Treasury appointment and not participate in the running of his business, there should be no conflict of interest between his private and official activities. We should therefore see no reason for the Prime Minister to withhold approval of this appointment. The appropriate rate of pay and the necessary security clearance are of course matters for the Treasury.

D J WRIGHT

1st February 1982

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10 DOWNING STREET

Les Tsy Gore Made COLO Gore Made CO M. Wolfson

From the Principal Private Secretary

25 January 1982

STAFF IN CONFIDENCE

Den Barrely,

APPOINTMENT OF SPECIAL ADVISER

I have shown the Prime Minister your letter of 21 January 1982, and she has approved the appointment of Mr Michael Dobbs as a special adviser, on a part-time basis, to your Secretary of State, on the understanding that the arrangements are, as you say, acceptable to the Treasury and the MPO.

Your Secretary of State will wish to know that the Prime Minister also commented "I hope he (Mr Dobbs) has been left enough time with Saatchi and Saatchi".

I am sending copies of this letter to John Kerr (Treasury), Jim Buckley (Chancellor of the Duchy of Lancaster's Office) and David Wright (Cabinet Office).

Your and

Shire Whimme.

Barnaby Shaw Esq., Department of Employment.

1

STAFF IN CONFIDENCE Promper x/ felow is correct, are you contain that Mr Tethri should appear it Dollo as a part-havi Caxton House Tothill Street London SWIH 9NA Service Advance To Telephone Direct Line 01-213. 6400 GTN 213 The hope his 2

You have his 2/ January 1982

Weeld's S.S. Clive Whitmore Esq Principal Private Secretary to the Prime Minister 10 Downing Street LONDON SW1 Dend Chiu APPOINTMENT OF SPECIAL ADVISER My Secretary of State seeks the Prime Minister's approval for appointing Mr Michael Dobbs as a special adviser on a part-time basis. Mr Dobbs' curriculum vitae is attached. It will be seen that he was previously employed with the Conservative Research Department and the Conservative Central Office and was from 1975 to 1979 Research Officer attached to Mrs Thatcher's office. Mr Dobbs' present employers, Saatchi & Saatchi, wish to retain him in their employment but to second him for 3 days a week to the Department, and this is acceptable to my Secretary of State. We propose to reimburse Saatchi & Saatchi as to three-fifths of the salary they pay Mr Dobbs, subject to a maximum of three-fifths of the top point of the Principal pay scale plus London Weighting, and three-fifths of their pension scheme and National Insurance contributions on his behalf. I understand that these arrangements are regarded as acceptable by the Treasury and MPO. My Secretary of State is satisfied that there will be no conflict of interest between Mr Dobbs' duties as a special adviser and his work for Saatchi & Saatchi. The former will not include any work on advertising, and the latter will exclude any work Saatchi may do for the DE Group. I am sending copies of this letter to the Private Secretaries to the Chancellor of the Exchequer, the Chancellor of the Duchy, and to Sir Robert Armstrong.

Yws Strawy Banday Sam

J B SHAW Principal Private Secretary MICHAEL JOHN DOBBS, Ph.D., age 33, married.

9/10 Colville Terrace, London W11 2BE. Tel: 229 1810 (home) 636 5060 (work)

EDUCATION: Hertford Grammar School, Hertford (1960 - 68)

Head Boy, Senior Scholar, Sports Captain.

Christ Church, Oxford (1968 - 71)

B.A. (Hons) in Politics, Philosophy and Economics. M.A. (1977).

Fletcher School of Law and Diplomacy, U.S.A. (1971 - 75).

M.A. (1973), M.A.L.D. (1974), specialising in defence studies, communist area studies and international law. Ph.D. (1976), thesis entitled "China and SALT", which examined strategic arms control and detente negotiations.

PRESENT EMPLOYMENT: (1979-) Saatchi & Saatchi Limited, 80 Charlotte Street, London W1A 1AQ.

Account Director and personal assistant to the Chairman. Responsibilities include J. Sainsbury Ltd., TV Times Magazine and Conservative Party accounts. Also responsible for developing corporate communication programmes for internal and external use in British industry.

PREVIOUS EMPLOYMENT:

Conservative Research Department.
 Conservative Central Office, 32 Smith Square,
 London SW1P 3HH.

1975 - 1979 Research Officer attached to Mrs. Thatcher's office. Accompanied her on tours throughout Great Britain, including the 1979 election campaign. Specific responsibility for briefing her on Question Time, speeches and interviews.

 "The Boston Globe", Boston, Massachusetts, U.S.A.

1973 - 1975 Copy editor on national and foreign news desk. Feature writer on British, international and defence issues.

OTHER:

Adviser to several political, charitable and governmental bodies, including recent "Business Opportunities Programme" task force. Recent charitable work for NSPCC, Stoke Mandeville Appeal, Mentally Handicapped and National Playing Fields Association, including organising Prime Minister's charitable performance of "Anyone for Denis?".

Clive Whitmore

SPECIAL ADVISER TO THE CHANCELLOR OF THE EXCHEQUER - DOUGLAS FRENCH

- 1. Herewith copy letter of 13th January from the Chancellor of the Exchequer.
- 2. The arrangements which are proposed seem alright to me. Do they accord, in every respect, with "the Rules"?

15.1.82

IAN GOW

PRIME MINISTER SPECIAL ADVISERS Your secretary wrote to my secretary on 20 October approving my appointment of Stuart Sexton as a Special Adviser on a half-time basis and a further appointment by me in due course of another Special Adviser also on a half-time basis. This minute is to record that you last week approved my appointment of Stuart Sexton on a full-time basis. William Waldegrave has given up his idea of appointing a Special Adviser himself. He has one or two other ideas which he is currently exploring. I shall write to you again when these are rather firmer. K J 15 January 1982

10 DOWNING STREET From the Principal Private Secretary Mr. Wright Mr. Douglas French, Special Adviser I should be grateful if you could ask your experts to have a look at the attached copy of a letter from the Chancellor of the Exchequer, and assure me that Mr. French's appointment as a Special Adviser satisfies the rules. 15 January, 1982.



Treasury Chambers, Parliament Street, SWIP 3AG 01-233 3000

13 January 1982

Ian Gow, Esq., MP.,

10, Downing Street

Atme promote the Moon of whom the fruit of the provided for the same to approve on the provided of the same to approve on the same to approve

Thank you for your letter of 23 December. I am glad to report that Douglas French has now told us that he would like to succeed Peter Cropper as Special Adviser and a formal invitation is now being sent to him. Given his present business interests I ought to mention briefly how he proposes to handle them.

As you may know, he at present runs a new small partnership which he set up with his wife to organise conferences and seminars on fiscal and commercial matters. Its sole purpose in such public events. It is in no respect a consultancy, gives no advice (that is done, if at all, by the outside participants at the events it organises) and has no personal or corporate clients.

Douglas accepts fully that the arrangements should be altered if he comes here, and proposes to do as follows (I quote his own words):

"I would formally resign my partnership for the duration of the Treasury appointment and not participate in the running of the business. Its existing activities could continue but on a reduced scale. My wife, who has worked in the business for two years, and derives her income from it, would carry on working in it, together with the rest of the existing staff. Their responsibilities would be increased to take over my executive duties in co-operation with a new, as yet unidentified, outside consultant."

The significance of the last sentence is that a new small business such as his could not afford to take on as an employee a new full-time chief executive what with the redundancy obligations etc; and, moreover, it could probably not find one willing to do the job for a limited period even if the costs were acceptable. I think these are realistic and acceptable proposals.

STAFF IN CONFIDENCE



If all now proceeds accordingly to plan, Douglas will inform us shortly of his formal acceptance of the offer and we would expect him to start work in the second week of February. A press release will be issued nearer the time in the usual way.

GEOFFREY HOWE

4

Extract from standard letter of appointment to Special Advisers "I should particularly draw your attention to the rules governing participation in outside activities involving the use of official information or experience (code paragraphs 9910 -9911) and the general principles of conduct to which all civil servants are expected to adhere at all times (code paragraph 9870)." The actual rules from the code are: 9910 - A civil servant who wishes to take part in any outside activity which involves the disclosure of official information or the use of official experience must obtain prior authority from his Department. 9911 - The following general principles apply to activities of this kind which in the main are publication of books or articles, contacts with the Press, boradcasts, speeches or lectures and participation in outside conferences:-There must be no disclosure of classified or in confidence information; There should be no discussion of matters of current or potential political controversy; (c) The relations between civil servants and Ministers or the confidential advice given to Ministers should not b disclosed; (d) Thre should be no comment on individuals or organisations in terms which the Department would regard as objectionable; (e) The activities should not conflict with the interests of the Department or bring the good name of the Department or the Civil Service generally into disrepute. Departments are required to draw the attention of staff who are about to leave the Service to those particular males as they apply equally to former civil servants as 5.1.82 serving civil servants.

23rd December 1981 Thank you very much for your letter of 18th December. The Prime Minister is content for you to have Douglas French as your Special Adviser, in place of Peter Cropper. IAN GOW The Rt Hon Sir Geoffrey Howe QC MP cc. Clive Whitmore Esq



Note: I Crave to a bon mereton no prevent. I have authin is necessary.

DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SEI 6BY Telephone 01-407 5522 From the Secretary of State for Social Services

2 | December 1981

William Rickett Esq Private Secretary 10 Downing Street LONDON SW1

In June 1979 the Prime Minister approved the appointment

of Professor Roger Dyson as expert adviser in industrial relations to the then Secretary of State, Mr Patrick Jenkin. Under normal circumstances I would have approached you for permission for Mr Fowler to issue a letter of reappointment but Professor Dyson has been offered and has accepted the post of Chairman of the North Staffordshire District Health Authority. This paid appointment would be incompatible with the post of expert adviser and Professor Dyson has agreed that his appointment should terminate at the end of December.

May I take it that no further action is necessary?

D Brereton

Private Secretary

Von en



Treasury Chambers, Parliament Street, SWIP 3AG O1-233 3000 December 1981

Ian Gow Esq MP House of Commons LONDON SW1A OAA

Dra lan

Now that Peter Cropper is being redeployed to the Research Department, I have been considering possible substitutes.

By far the most promising name is that of Douglas French. You will remember that Douglas served me as Research Assistant in the House from 1976 to 1979, and then fought Sheffield (Attercliffe) in the General Election. Since then he has been building up what has turned out to be quite a successful conference business. Both Leon and I have spoken for him recently.

I attach a CV for Douglas. You will see that he is a respectable lawyer and that he is 37. This would, I think, point to bringing him in at the second point on the Assistant Secretary scale, which is where Peter Cropper started in 1979. It will, as in Peter's case, probably turn out that the Civil Service pension scheme is inapplicable so Douglas would have to contribute to his own scheme out of salary.

This substitution would result in a saving to public expenditure. Douglas is already known to political colleagues here in the Treasury, and I think would slip very quickly into the job if we could persuade him to come. There would be a need for Douglas to be detached from his business interests; his wife is already involved in the conference business so that may help.

Before I put a firm proposition to Douglas I would naturally like to know that the Prime Minister approves. Would you kindly take the earliest opportunity of taking her mind on the matter. I should like, if at all possible, to get it buttoned up before Christmas.

J. Som

CURRICULUM VITAE

Douglas Charles FRENCH

Age 37. Born 20th March 1944, London. British

Morried Sue née Phillips 1978

Address: 55 Richborne Terrace, London SW8 1AT

Telephone: 01 735 4280 (home) 01 582 6516 (office)

Education

Glyn Grammar School, Epsom Surrey St Catharine's College, Cambridge Inns of Court School of Law

8 '0' Levels
3 'A' Levels
B.A. (Upper Second) in History 1966
M.A. (Cantab) 1970
Barrister-at-Law: Called to the Bar by the Inner Temple
Pupillages at 1 Garden Court and 2 Hare Court, Temple, EC4

Career

Executive (1966-71) and Director (1971 to date)
P.W.Merkle Ltd, Mitcham, Surrey, importers and exporters
of industrial equipment

Assistant to Rt Hon Sir Geoffrey Howe QC MP as Shadow Chancellor 1976-79

Partner in Westminster and City Programmes, financial seminar organisers, from 1979 to date

Secretary of the Bow Group 1975-7
Research Secretary of the Bow Group 1977-8
Chairman of the Bow Group 1978-9

Council Candidate, Lewisham, Deptford 1978 Contested Sheffield Attercliffe at General Election 1979

Other Past Appointments and Activities

Director Bow Publications Ltd
Editorial Committee and Contributor to Crossbow
Committee Member Golborne Branch Kensington Conservative Association
Committee Member National Association of Conservative Graduates
Member City of Westminster Social Services House Committee
Treasurer Oval Ward Vauxhall Conservative Association
Member Vauxhall Conservative Association Executive Committee

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10 DOWNING STREET

From the Private Secretary

30 October 1981

APPOINTMENTS - IN CONFIDENCE

The Prime Minister has seen your Secretary of State's minute of 28 October about the appointment of Mr. David Young as a Special Adviser. She would be delighted for your Secretary of State to continue the arrangement under which Mr. Young acts as a Special Adviser in the Department of Industry.

I am sending copies of this letter to Peter Shaw (Department of Education and Science) and Jeremy Coleman (Civil Service Department).

. W. F. S. RICKETT

Ian Ellison, Esq., Department of Industry. 86



APPOINTMENTS IN CONFIDENCE

PRIME MINISTER

Dell Fried Content mat David Joney
Showed vennin as Special
Adviser to the Secretary of
State for harry!

DAVID YOUNG

When you asked me to take over at the Department of Industry you mentioned to me how helpful Keith Joseph had found the advice of Mr David Young, the Chairman of Manufacturers Hanover Property Services Limited, on a variety of questions. You may remember that David Young was formally appointed in April last year as an unpaid Special Adviser.

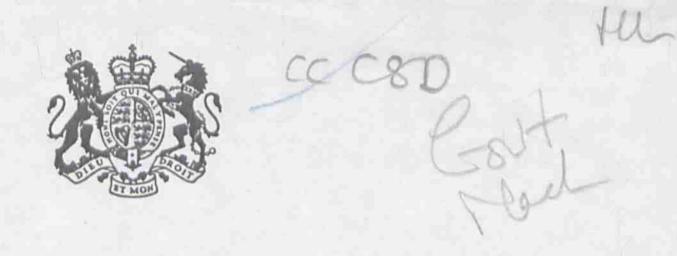
I agree with you and Keith about David Young's value as a Special Adviser. Although he will continue to spend a small amount of time with Keith at the Department of Education and Science, I should like to continue the arrangement under which he acts as Special Adviser in the Department of Industry. I hope you will be able to agree to his doing so on the same basis as before. My Department will provide office accommodation and will reimburse Manufacturers Hanover for the proportion of his personal secretary's time spent on Department of Industry business.

3 I am copying this minute to Keith Joseph and to Sir Ian Bancroft. '

PJ

28 October 1981

Department of Industry Ashdown House 123 Victoria Street



10 DOWNING STREET

From the Private Secretary

20 October 1981

Special advisers

The Prime Minister has seen your Secretary of State's letter of 15 October. She is content for Sir Keith to appoint Stuart Sexton as a special adviser on a half-time appointment and to make a further appointment of another special adviser on a half-time basis in due course. She has noted that this arrangement is subject to the proviso that it will mean no increase in expenditure by your Department on salaries for special advisers.

I am sending a copy of this letter to Jeremy Colman (Civil Service Department).

W. F. S. RICKETT

Peter Shaw, Esq., Department of Education and Science.





DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SEI 7PH TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Mis

2 Prime minister

Content, given the provise at A?

M 19/10

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

15 October 1981

den Marganet.

SPECIAL ADVISERS

I have been pressed by Janet Young and Rhodes Boyson to appoint Stuart Sexton as Special Adviser. He has built up a good set of contacts and his advice on issues affecting schools was well thought of by Janet and Rhodes. Hence, subject to your approval, I would like to offer him a half-time appointment.

I am also hoping to appoint another Adviser on a half-time basis who can advise William Waldegrave and me on higher education. We have not yet identified the right candidate.

Although David Young will formally be Patrick Jenkin's Adviser at the Department of Industry, he will have an open door at the DES and will be able to give me some assistance on selected issues. David Young does not receive any salary paid for out of taxpayers' money and the appointment of two half-time advisers will mean no increase in expenditure by the Department on salaries for special advisers.

I would be grateful for your agreement to the appointment of Stuart Sexton as an Adviser to Rhodes on a half-time basis.

Com.

Keni

Gout Mach Jan. m. MR. RICKETT cc: Mr. Whitmore Mr. Wolfson SPECIAL ADVISERS I understand that Sir Keith Joseph is about to write to the Prime Minister on the subject of Special Advisers at DES. he has it in mind to make two part-time appointments. The first of these would be Mr. Stuart Sexton, who served as full-time adviser to Mr. Carlisle. The intention is that Mr. Sexton should assist Dr. Boyson on schools, and that a further appointment should be made later for the other side of the Department. Sir Keith also intends to keep in touch with Mr. David Young, but Mr. Young's formal appointment will remain at DOI. There was some unfortunate publicity about Mr. Sexton not long after he was originally appointed by Mr. Carlisle. I have mentioned what is in the pipeline to Mr. Wolfson, who would like to have a word with Sir Keith before the Prime Minister responds to his proposal. Mr. Wolfson hopes to see Sir Keith in Blackpool. Mr. Wolfson may like to know that DES tell me privately that Lady Young has been pressing Sir Keith to re-appoint Mr. Sexton. 13 October 1981

APPOINTMENTS IN CONFIDENCE



10 DOWNING STREET

From the Principal Private Secretary 23 September 1981

Special Adviser: Appointment of Mr. Robert Shepherd

Thank you for your letter of 21 September 1981.

I have consulted the Prime Minister and she is content, as I understand she told your Secretary of State last week, that he should appoint Mr. Robert Shepherd as his special adviser.

C. A. WHITMORE

Stephen Boys Smith, Esq., Northern Ireland Office.



NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SWIP 3AJ

C A Whitmore Esq 10 Downing Street LONDON SW1

2 | September 1981

Veallie,

SPECIAL ADVISER: APPOINTMENT OF MR ROBERT SHEPHERD

In accordance with the Memorandum circulated by Sir Ian Bancroft in May 1979, I am writing to seek the Prime Minister's approval of the appointment of Mr Robert Shepherd as special adviser to the Secretary of State for Northern Ireland. Mr Shepherd was formerly employed as Mr Prior's special adviser at the Department of Employment.

Provided the service of the Stephen as his spenie thanks

The NEO. Is his reprint the 22 in.

APPOINTMENT - IN CONFIDENCE

010 APPOINTMENTS -IN-CONFIDENCE Prime minister 2 PRIME MINISTER MICHAEL PORTILIO I should let you know that Michael Portillo, who has been my special adviser here since May 1979, is giving up his position as from 19 June. I have known for some time that he would in due course wish to move on to other things, and I understand that wish. While I shall be sorry to lose his valuable help and advice, I have given this move my support. I have no present plans to seek a replacement although I would intend to keep an eye open for suitable candidates. Secretary of State for Energy | June 1981

you Made

I rang Mr. Locke on Friday evening and he had gone home. I left a message to say that Tim was writing re his letter of 9 April and that the proposed official reply to the International Textile Company should be stopped. I said I would ring again on Monday morning to make sure this had been done.

Have rung again. Mr. Locke ringing back.

Trina
13/4

Mr. Locke's office have stopped the reply and will hold it until they receive Tim's letter.

MR. WALTERS

A further letter from the Treasury on your correspondence! I have written to the Treasury saying that we will follow their suggestions - I hope you agree.

I suggest the best thing to do, where you think letters fall within categories (i) and (ii) of the Treasury letter, would be for Rose to send out a short letter on your behalf. No doubt you can devise two types of standard reply for her. If a letter falls into category (iii), then I think it would be best if you sent a short letter over to the Treasury asking them to let you have a draft reply. You can then, of course, tamper with the draft as you see fit!

If we follow this approach, I do not think we need bother our Correspondence Section, who are heavily over-worked, with any letters that come into you. This note therefor supersedes the note which I sent you on 2 April.

T. P. LANKESTER

10 April 1981

10 DOWNING STREET 10 April 1981 From the Private Secretary Thank you for your letter of 9 April about correspondence addressed to Alan Walters. We see no difficulty in the arrangements which you propose: indeed, I think Alan will welcome not having to write substantive replies himself, except where he particularly wishes to. As regards the letter of 20 February from the International Textile Company, Alan has in fact already replied to this one (copy enclosed). He has now had a further letter from this company, and I have suggested that he finish this one off himself. Of course, this is the kind of letter which in future we would deal with under your approach (ii) as you suggest. I am sending a copy of this letter to John Wiggins. T. P. LANKESTER P.S. I see that you are arranging for an official reply from the Treasury to the International Textile Company. In view of what I have said above, you will no doubt stop this. S.A.J. Locke, Esq., HM Treasury.



10 DOWNING STREET

12 March 1991

Jear Mr Robinson,

Thank you for your letter of 11 March. We have checked our files and we cannot find having received your letter of 20 February, a copy of which you have subsequently sent to me.

I gather that your main objective is to put an additional tax on all credit, presumably except building society credit, which would be over and above the normal income tax paid by those who receive interest payments. As you can well imagine, it is an idea which has been already tried extensively in many other countries with various mixtures of regulation and control. For example, the United States operated a regulation Q which restricted the rate of interest payable on deposits. Correspondingly, there was also an interest rate equalisation tax. More recently I have seen similar systems in operation in Argentina and Chile.

As you would expect, however, such taxes on intermediation by the banking system result primarily in credit being diverted out of the banking system. I suppose the best example of that in Britain in recent years was the institution of a corset from mid-1978 to mid-1980. Essentially banking intermediation was taxed by virtue of increased reserve requirements. This resulted simply in the diversion of credit outside the banking system. And in America the institution of regulation Q simply resulted in the shift of the capital market from the United States to the Euro dollar market in London. Similar effects have occurred between Germany and Luxembourg. It seems highly likely to me, for example, that if people in the United Kingdom saw that they could get only 5% from the banks and yet they could buy 20% dollar CDs in New York, they would be highly unlikely to put much money into the British bank. If you had stringent exchange controls, then of course everything would be different. You would have to, of course, star all the leaks - a difficult job as you will recall with respect to the Kuwait gap, etc.

Since you would have such a small supply of credit flowing into the sector that was not zero rated, that is the private, industrial and commercial sector, I suspect that, unless credit was rationed, the interest rates would be extraordinarily high, or the sector would get most of its capital by overseas borrowing, probably from British funds that have fled overseas!

In short, I believe that your suggestion would give rise to a bad policy. I do not deny that the banks make considerable profits on their current account deposits during years when the interest

P.N. Robinson, Esq.,
International Textile Company,
Victoria Mill,
Skipton,
Yorkshire,
BD23 1QX.



Treasury Chambers, Parliament Street, SW1P 3AG

T P Lankester Esq Private Secretary 10 Downing Street LONDON SW1 9 April 1981

A-mps per

Dear Tuin,

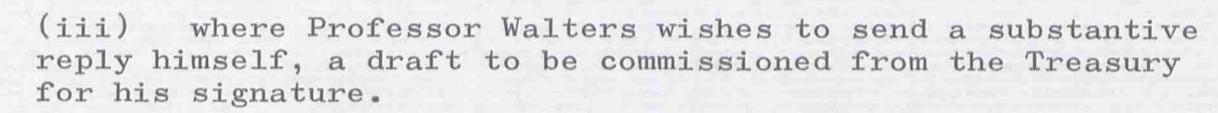
CORRESPONDENCE ADDRESSED TO PROFESSOR WALTERS

I am sorry to have to bother you with a procedural question of this kind. You will no doubt have seen John Wiggins' minute to me of 26 March responding to a point I raised about the handling of correspondence between members of the public and Professor Walters. I enclose a copy of the letter which gave rise to this. I have since seen a copy of your internal note to Professor Walters of 2 April.

We have some doubts about handling correspondence of this kind in the same way as correspondence addressed to the Prime Minister, as it seems to us that those who send letters direct to Professor Walters rather than to the Treasury will normally be doing so for a specific reason and I am not sure the approach implied by your note entirely accords with what we have in mind. One suspects that people who have written direct to Professor Walters may not necessarily want an unsolicited substantive reply from the Treasury; and it would clearly help us if we did not always have to send one.

Subject, therefore, to any thoughts you may have, our preference would be to adopt one of three approaches with letters sent to Professor Waltes on Treasury-type matters:

- (i) where the letter deserves no more, the briefest of Private Secretary acknowledgements;
- (ii) where the correspondent is not known to Professor Walters, and he does not wish to go into detail himself, a reply to be sent simply stating that the points have been noted, and the writer might like to take the points up with the Treasury direct (ie in a second letter); and



With letters like the one enclosed, approach (i) would seem most appropriate. However, as an acknowledgement appears to have been sent on behalf of Professor Walters, confirming that the letter has been drawn to the attention of the Treasury, we are arranging to send an official reply from here. But I should be grateful to know if you are content with the general arrangements above for future correspondence of this kind.

I am sending a copy of this letter, to John Wiggins.

Yours ever, Stephen.

S A J LOCKE Private Secretary INTERNATIONAL TEXTILE COMPANY

Victoria Mill,

Skipton, Yorkshire

England, RD23.1

2/2 HMT /9/3.

Victoria Mill, Skipton, Yorkshire, England. BD23 1QX Tel. Skipton (0756) 3941 Telex 51668

20th February 1981

Professor A.A. Walters, 10, Downing Street, Whitehall, London, S.W.1.

Dear Professor Walters,

No doubt it is necessary to make money expensive but a high minimum lending rate seems an inefficient way of doing it. The same effect as at present on the cost of money, could be achieved much better by having a lower MLR of, say, 5% plus a tax of, say, 9% on all loans including bank overdrafts, HP, credit accounts, credit cords, retail credit, etc. This would still give the bank its base rate of 14% but would have the following advantages:-

- 1. The benefits of the expensive money would go to the Exchequer instead of to the banks' profit. Perhaps this might enable you to remove the present payroll tax.
- 2. The banks would be unable to pay high interest rates to depositors, thus reducing their money supply and increasing the credit squeeze.
- 3. Deposits in building societies would therefore become more attractive, thus keeping down the mortgage rate, if required, by making mortgages zero-rated.
- 4. The lower interest rates would bring down sterling to a more reasonable level, thus assisting our exports.
- 5. Export finance, such as LCGD short term finance schemes, could be zero-rated for tax purposes, thus helping exporters who are presently hard hit by the cost of financing exports.
- 6. With bank deposits being less attractive, money would be diverted to government stocks (which could be zero-rated), thus helping the government's borrowing situation.
- 7. This scheme would prevent people from getting round the squeeze by using the interest free credit arrangements now being offered by so many retailers.

I have discussed this proposal with bankers, financiers, stockbrokers and economists, all of whom have agreed enthusiastically that the scheme would work, bringing down both the pound and the cost of exports. The only criticism is that it is possibly too complicated for a politician to understand.

sincerely,

Robinson

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MR. WALTERS

We had a word about the Treasury correspondence on letters addressed to you. You said that you were already doing what the Treasury were proposing - namely, except where a correspondent is personally known to you and you particularly wish to reply yourself, you are passing the letters to our Correspondence Section for them to deal with. Thus, you would normally expect letters addressed to you to be answered by the Treasury or by other Departments concerned.

74

T P LANKESTER

2 April 1981

CC: Mr. Ingham
Miss Kay Dover

1

MR. WALTERS

FIE

AL

AN

MR. WALTERS

The Prime Minister has seen your note about the invitation from the National Federation of Self-Employed and Small Businesses. She does not think it would be a good idea to accept this invitation, given the fact that there will be questions and answers and that the Press are likely to be there.

L.P. LANKESTER



10 DOWNING STREET

PRIME MINISTER

Another invitation to Alan Walters to give a talk - this one to the National Federation of Self-Employed and Small Businesses.

Unlike the lecture which you have agreed he should give to the Institute of Directors, this would apparently not be scripted and there would be questions and answers. No doubt the press would be there. In view of this, my own view is that it would not be a good idea.

26 March 1981



MR. LOCKE

cc: Mr. Mathews

Mr. Warden

Mr. Michael

Mr. Unwin

Mr. Ingham (No.10)

Mr. Lankester (No.10)

be Ingham wolfson

CORRESPONDENCE ADDRESSED TO PROFESSOR WALTERS

Your minute of 26 March raises a point we ought to consider. There seems to me some awkwardness about outsiders writing in to Mr. Walters as being a sympathetic listener untainted by the machine, and him then replying on his own behalf. And I would have thought it questionable whether he should reply on behalf of the Prime Minister; such letters would surely come better from her Private Secretaries.

- 2. I would hope, therefore, that Mr. Walters could be encouraged by No.10 either to refer correspondents to the Treasury (or other Department concerned), or to have letters dealt with by the No.10 Private Secretaries in whatever way would normally be appropriate. Where correspondents are known personally to Mr. Walters, so that he needs to sign the reply, it still seems strongly desirable that appropriate advice should be sought by No.10 from the responsible sources.
- 3. On the particular letter (from the International Textile Company) it would seem sensible for Mr. Walters to suggest that the points be put to the Treasury.

Jw(

A.J. WIGGINS 26 March 1981



MR WIGGINS

CC Mr Mathews
Mr Warden
Mr Michael
Mr Unwin
Mr Ingham (1

un Lankester

(Personal) 10 Desning St

CORRESPONDENCE ADDRESSED TO PROFESSOR WALTERS

I wonder if I might seek your guidance on the handling of a letter

addressed in the first instance to Professor Walters (copy attached).

I am grateful to Mr Ingham for bringing this to my attention.

As you can see, No 10 passed this to your office asking the Treasury to send a full reply as soon as possible. You in turn passed it to us, and we actioned it to HF3.

It occurs both to Mr Ingham and myself that we perhaps ought not to be treating correspondence addressed to Professor Walters in the same way as we would treat correspondence addressed to the Prime Minister. The writers of such letter will presumably have sent them to him with a very clear purpose in mind. In such circumstances, that I am not at all sure to pass such letters to the Treasury achieves anything other than an increase in the workload on already heavily-burdened officials. Could there, for example, be a case for suggesting that, if Professor Walters does not wish to go into detail himself, he might simply reply saying that he has noted the points made and that the writer might like to consider taking these up with the Treasury direct?

Whatever your thoughts on this, I am sure there is a case for ensuring that treatment of these letters is consistent.

SAJL

S A J LOCKE 26 March 1981 INTERNATIONAL TEXTILE COMPANY Victoria Mill,

HMT.

Skipton, Yorkshire, England. BD23 1QX Tel. Skipton (0756) 3941 Telex 51668

20th February 1081

Professor A.A. Walters, 10, Downing Street, Whitehall, London, S.W.1.

Dear Professor Walters,

No doubt it is necessary to make money expensive but a high minimum lending rate seems an inefficient way of doing it. The same effect as at present on the cost of money, could be achieved much better by having a lower MIR of, say, 5 plus a tax of, say, % on all loans including bank overdrafts, HP, credit accounts, credit cards, retail credit, etc. This would still give the bank its base rate of 14; but would have the following advantages:-

- 1. The benefits of the expensive money would go to the Exchequer instead of to the banks' profit. Ferhaps this might enable you to remove the present payroll tax.
- 2. The banks would be unable to pay high interest rates to depositors, thus reducing their money supply and increasing the credit squeeze.
- 3. Deposits in building societies would therefore become more attractive, thus keeping down the mortgage rate, if required, by making mortgages zero-rated.
- 4. The lower interest rates would bring down sterling to a more reasonable level, thus assisting our exports.
- 5. Export finance, such as ECGD short term finance schemes, could be zero-rated for tax purposes, thus helping exporters who are presently hard hit by the cost of financing exports.
- 6. With bank deposits being less attractive, money would be diverted to government stocks (which could be zero-rated), thus helping the government's borrowing situation.
- 7. This scheme would prevent people from getting round the squeeze by using the interest free credit arrangements now being offered by so many retailers.

I have discussed this proposal with bankers, financiers, slockbrokers and economists, all of whom have agreed enthusiastically that the scheme would work, bringing down both the pound and the cost of exports. The only criticism is that it is possibly too complicated for a politician to understand.



10 DOWNING STREET

PRIME MINISTER

Another invitation to Alan Walters to give a talk - this one to the National Federation of Self-Employed and Small Businesses.

Unlike the lecture which you have agreed he should give to the Institute of Directors, this would apparently not be scripted and there would be questions and answers. No doubt the press would be there. In view of this, my own view is that it would not be a good idea.

TPL

26 March 1981

PM is likely to do this Revielfat some stage MR. LANKESTER The National Chairman of the National Federation of Self Employed and Small Businesses has asked me to attend the Council of the Federation and talk to the representatives and reply to questions. Could you enquire whether the Prime Minister would be interested in my doing this. 26 March 1981



UNITED KINGDOM TREASURY AND SUPPLY DELEGATION BRITISH EMBASSY WASHINGTON, D. C. 20008

19 December 1980

Clive Whitmore Esq Principal Private Secretary No. 10 Downing Street LONDON Mm. Kamer!

29200

Dear Clive,

Thank you for your letter of 15 December about the dossier of papers for Alan Walters. I have been in touch with him and arranged for him to get the papers. I took the opportunity to draw attention to the fact that some of them were classified.

Yn- ever,

(J Anson)

c.c. Sir Douglas Wass GCB

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PROGESSOR ALAN WATTERS - INTERVIEW ON ECONOMIC POLICIES W Wolfson
Transcript from BBC Radio 4, Today, 19 December 1980

Car head

PROGRAMME PRESENTER: A great deal of interest has been expressed in the possible views of Mrs Thatcher's new economic adviser Professor Alan Walters, who's professor of economics at the John's Hopkin's University in America. What has he to offer that Mrs Thatcher decided to pay him £50,000 a year, two thirds as much again as the most highly paid civil servant. Well we know he's a monetarist and so we may suppose he'll not be recommeding any U trans. But on specific issues, for instance, what about the Bank of England Quarterly Review, published yesterday, which foresaw the present recession going deeper and lasting longer than most other forecasters are predicting. Julian Halleran put that question to the professor:

WALTERS: All I can say to you is I just don't know. I know ultimately it will turn up because history shows that ultimately it will turn up.

INTERVIEWER: Does it tend to take a few years, or many years, or a decade, or what would you say in these sort of circumstances?

WALTERS: It depends how it's done. If you take a big wex dose of medicine then you can get it over rather quickly. If you take more gradual doses of mediciane then the pair of adjustment is somewhat less but it takes longer.

MALTERS: It has taken some, but I mean when you say a big dose you see you have specify what you're talking about. Certainly it didn't take a dose such as Schuthtissued to Germany in 1923, nor as for instance Timoshe issued to Chile in 1975. Certainly it hasn't

done it in those dimensions, and it hasn't taken sudden cures.
But ithas elected to go for a gradual cure.

INTERVIEWER: Does a sudden cure, and a big dose of medicine, mean that many millions more www will be unemployed do you think necessarily?

WALTERS Transitarily it means that, yes. I mean if you look at the German situation, for instace, in 1923 they went up to a very large number of unemployed. But 18 months later after this it was all over and unemployment had dropped below the previous level.

INTERVIEWER: So if the Government's policies are pursued here do you think that means many millions more unemployed here?

WALTERS: I don't know. Unemployment is caused by a very wide variety of factors, only one of which is the macro-economic policy of Government. It's caused by all sorts of factors and they're complicated separate factors such as, you know, the evel of unemployment benefit in xx realtion to wages. I mean one of the very important causes of unemployment in Britain is undoubtedly the rigidity of the housing situation; that seems to me enormously important. And if housing were forcely available, rentable on a free basis, there'd be much less unemployment.

INTERVIEWR: I wonder if I can return briefly, because it's one of the few things people know about you in this coultry at the moment from the headlines to your salary of £50,000 a year and the fury it has caused in some quarters, will you be at all embarassed about that when you take over?

WALTERS: The only thing I know is that I'll be worse off in London than I am here in Washington.



With the Compliments

of

ADAM RIDLEY

Special Adviser

Treasury Chambers, Parliament Street, S.W.1. CHANCELLOR

1 4

cc Mr Ridley Mr Cropper

Professor Walters

You may recall that two or three weeks ago there was a report in the Financial Times that Mr Walters had been very critical of UK economic policy (expecially your June 1979 Budget). I have learnt that by coincidence a member of CRD (Keith Britto) was present at that meeting. I attach his notes of the meeting: I do not think Mr Walters was as critical as the Financial Times report suggested.

Ce. Sir A. Rawnings

Sir W Greens

Sir DWM

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GEORGE CARDONA 10 December 1980

Al 20112

Lunch meeting at AEI addressed by Professor A. A. Walters.

Professor Walters will be Mrs Thatcher's Chief Economic Adviser from 1st January 1981. The meeting Professor Walters addressed at AEI was attended by all the leading economists at the AEI but was also open in the sense that a number of journalists were also present and it was clear that the meeting was regarded as being 'on the record'.

Professor Walters developed his view that economists have generally done more harm than good to the UK economy over recent years. He sees many of the problems of British economy in recent years having been due to the Cambridge Economic School. He regarded the use of Cambridge Economic techniques by trained economists at the Treasury as a major problem.

He sees the problems we face in our economy largely in terms of excessive public expenditure. He felt the best UK economic policies were implemented only when forced on the UK by the IMF in 1969 and 1976-77.

Walters was very critical of Heath's economic policy, particularly his policy in the 1971-72 period.

He regarded both the Treasury and the Bank of England as having been infiltrated by the Cambridge School.

He felt that Mrs Thatcher was not achieving all she set out to do and pointed to the problems that Mrs Thatcher has had in implementing her policies, and the difficulties that face any politician attempting to get changes in the British system.

Walters was very critical of the role played by the UK Treasury. He felt that support for failing industries was one of the worst features of the UK economic policies. He was very much against support for British Steel which he estimated as running at approximately £1B in the current year. His personal view was that we could probably see a fall in the value of the pound in the short term and possibly a short term increase in the inflation rate. He viewed Mrs Thatcher as having been successful and that her work was a major achievement achieved despite of, rather than because of, the system of Treasury/Bank of England control.

He did point to certain successes in the British economy - Balance of Payments in surplus - exports and pound strong. He sees the economic adjustments required by the British economy as being equivalent to the level of industrial change in the 1930's. He felt that the public sector so far had got away with almost murder in terms of accepting the necessity for major restructuring. He felt that it had been a very bad tactic for Mrs Thatcher to accept comparability awards for the public sector and felt that she was starting to get things right with her 6% limit for the public sector.

His view was that Mrs Thatcher was on the right road but that a lot more needs to be done and that certain things should have been done earlier. His view was that it would have been better to have had a big crisis with one package of measures rather than a gradual approach over several budgets.

In terms of pay policy, he was clearly in favour of some sort of synchro-pay approach.

In field of unemployment he felt that the current level is partly a function of many unemployed individuals not wanting to work. He also raised the question of the size of the underground economy and saw tax evasion as being high in the UK.

He refused to comment on whether allowing nationalised industries to actually collapse is politically possible in the UK. He saw many of the 1979 budget measures, particularly the switch of direct to indirect taxation, as unwise at that point but admitted that Mrs Thatcher regarded them as election commitments.

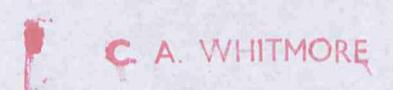
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Gost Moch

15 October 1980

The Prime Minister has seen Mr. Nott's minute of 10 October 1980 about Mr. Rodney Lord.

She has concluded, regretfully, that she cannot use him at No. 10, and she therefore agrees that Mr. Nott should respond to Mr. Lord's approach in the way he proposes.



Stuart Hampson, Esq., Department of Trade.

APPOINTMENTS IN CONFIDENCE



From the Secretary of State

Prom. Minister.

J don't think we have at north here at no No 10, have we?

13 x.

PRIME MINISTER

I spoke briefly to you in late July about the request which I had received from Rodney Lord, the economics correspondent on the Daily Telegraph. He approached me after talks with Peter Cropper and others about the possibility of joining me as a Special Adviser.

- 2. When he came to see me recently I did my best to dissuade him from taking on such a job on the basis that I was not entirely sure that we could make the fullest use of his talents. He is a highly intelligent, personable and a knowledgeable commentator on economic matters, but, having thought further about it, I am not sure that I could define a role which would keep him fully occupied. Nor does he have sufficient "political" sensitivity or experience to provide a worthwhile adjunct to my team of Ministers and PPSs.
- 3. I am therefore inclined to tell Rodney Lord that we cannot fit him in here, but before doing so I wanted to be sure that you could not use him at No 10, as you did raise this possibility in passing when I mentioned his name to you.

Mas we can't we him here - but would we seeming we him to tend their Press Dept.?

Department of Trade /0 October 1980 Spoke To the Commenter has only just apprehime a new Heart of his Press.

While and is worse meeting the heart.

Where he replace has write her home.

The Committee appear with which we have the pursues.

PART 1 ends:-

MAP to Transport 9.7.80

PART 2 begins:-

CAW LE Buncraft 29-9-80. 1/s Trade to PM 10.10.80