Prem 19/2506/1

Part 1 of 2

PART 7

TOP SECRET

CONFIDENTIAL FILING

Security of the Secret Services

Chapman Pincher's Book 'Their Trade is Treachery and Related Papers including Sir Roger Hollis

The Peter Wright Case

The Joan Miller Book 'One Girls War'

SECURITY

PT 1: May 1979

PT 7: April 1987

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~6.4.87~~							
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~~29.6.87~~							

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PREM 19/2506

PART Seven ends:-

Attorney General Office to
C Mallaby 30.6.87

PART Eight begins:-

NLW to Home Office
2.7.87

CONFIDENTIAL

01-936-6494

Communications on this subject should be addressed to
THE LEGAL SECRETARY
ATTORNEY GENERAL'S CHAMBERS

ATTORNEY GENERAL'S CHAMBERS,
LAW OFFICERS' DEPARTMENT,
ROYAL COURTS OF JUSTICE,
LONDON, W.C.2.

30 June 1987

C L G Mallaby Esq CMG
Cabinet Office
Whitehall
LONDON S W 1

Dear Christopher,

PETER WRIGHT CASE : LIKELY PUBLICATION IN NORTH AMERICA

I am writing to confirm what I said to Bruce Dinwiddy earlier today, namely that the Attorney General agrees that a letter should go to Lord Blakenham as proposed in OD(DIS)(87)45 but has one comment on the drafting. He sees no need, in a letter which is seeking only a simple undertaking, for the second sentence in the second paragraph, and he would wish it to be omitted.

I am copying this to the Private Secretaries of the members of OD(DIS) and of the Lord Advocate and to Sir John Bailey.

Yours ever,

Anthony.

A M C INGLESE

01. VII AM 8 7

CONFIDENTIAL

HOME SECRETARY

Pre Minister
Content with the line to take attached?

N.C.V.
25.6

PRIME MINISTER

PETER WRIGHT CASE

Yes CCBI

I chaired a meeting of OD(DIS) on 23 June to discuss officials' recommendations in OD(DIS)(87)43 about the line which the Government should take in public when Wright's book is published in the United States.

2. We began by discussing the implications of the book's publication in the United States. The Attorney General's view is that his case for contempt against "The Independent" and two other newspapers, of which the hearings in the Court of Appeal began on 22 June, would not be affected by publication in America. If we lost that case in the Court of Appeal, the Attorney General would seek leave to appeal to the House of Lords. The application by the "Observer" and the "Guardian" for the lifting of our injunction against them would be heard after the current proceedings regarding "The Independent" in the Court of Appeal. If the Attorney General lost "The Independent" case in the Court of Appeal, the "Observer" and the "Guardian" might be successful in getting our injunction against them lifted, and this would be more likely if Wright's book had by then been published in the United States. As regards the case in Australia, publication of Wright's book in the United States would have no bearing on the principle of Wright's duty of confidentiality which we are seeking to uphold, but "seepage" of material from the book, as a result of publication in the United States, could affect our chances in Australia, as in the United Kingdom, of obtaining a permanent injunction against publication there.

CONFIDENTIAL

3. OD(DIS) thought that, if seepage of material in Wright's book from the United States into the United Kingdom and Australia greatly reduced our chances of obtaining permanent injunctions in those countries, we might choose at some stage to adjust our objectives by seeking a declaration of right as to the duty of confidentiality and also an account of profits, while desisting from the attempt to obtain permanent injunctions. The timing of such a move would need careful consideration.

4. We would also need to decide, in the light of circumstances at the time, how to react to any move by Heinemann in this country to publish Wright's book here in the wake of publication in the United States. Heinemann (UK) have undertaken to give us 14 days' notice of any such move. Following publication in the United States, it would be for consideration whether the Government should go for injunctions to restrain distribution in this country of the United States edition. That, too, would need to be considered in the light of the circumstances. The case for such action would be reduced if copies of the book were likely anyway to reach this country in significant numbers. One possibility, for instance, might be that copies would be mailed from the United States to all Members of Parliament. These matters would need to be decided in the light, inter alia, of the need to maintain our position in the cases in the United Kingdom and Australia. OD(DIS) agreed that officials would examine the likely means of seepage into this country of material from Wright's book, once it is published in the United States, and the matters which Ministers would consequently need to decide.

5. Against this background, OD(DIS) agreed that we should say nothing in public, following the publication of Wright's book in the United States, which would prejudice our prospects in the United Kingdom and Australian cases. I attach an amended version of the lines to take, which reflects the views of OD(DIS). The "General" section (now paragraphs 1 and 2) has been expanded, to explain more fully

the nature and importance of Wright's duty of confidentiality. The section about "Comment on Wright's allegations" has been amended in line with your Private Secretary's letter of 18 June. As regards the section on the Government's technical admission about the contents of Wright's book, OD(DIS) felt that it would be necessary for the Government to be willing to knock on the head suggestions that the Government had declared the book to be true; but the relevant passage (paragraph 4) has been altered to give this point less prominence. In the section about an inquiry into Wright's allegations (paragraph 5), OD(DIS) thought that the passage about your confidence in the Security Service should closely reflect your reply to the Leader of the Opposition in the House of 6 May; and that the Government must be ready to give an answer to direct calls for an inquiry in terms also reflecting your answer on 6 May. OD(DIS) agreed that it would be preferable, as far as possible, to avoid at this stage answering questions about possible reference of Wright's book to the Director of Public Prosecutions, but that the last two answers in the draft line to take, which have not been amended, should be used if necessary.

6. OD(DIS) also discussed briefly the view of officials in OD(DIS)(87)44 that no legal action should be taken in Canada aimed at preventing publication of Wright's book in that country. Like you (your Private Secretary's letter of 23 June), OD(DIS) endorsed the recommendation of officials.

7. I am sending copies of this minute and its attachment to the other members of OD(DIS) and to Sir Robert Armstrong and Mr Mallaby in the Cabinet Office.

Douglas Hurd.

June 1987

Peter Wright Case: Public Line after the book is published in the United States

General

1. The Government was advised that under the law of the United States legal action to restrain publication of the book there would not succeed.

2. In the legal proceedings in the United Kingdom and Australia the Government is seeking to uphold the principle that Wright, as a former member of the Security Service, owes a lifelong duty of confidentiality to the Crown. This principle is essential to the effectiveness of the Security Service. It is in no way affected by the publication of Wright's book in the United States. We shall continue to uphold it in the cases in this country and in Australia.

Comment on Wright's allegations?

3. The Prime Minister has made statements on certain matters concerning security, for example her statement about Sir Roger Hollis in 1981 (Official Report 26 March 1981, Col. 1079) and her Parliamentary reply on 6 May 1987 on allegations about the Security

Service in relation to the Government of Lord Wilson between 1974 and 1976 (Official Report, Col. 725). The Government is not otherwise prepared to comment on the welter of recent allegations and innuendo about the Security Service.

The Government has already admitted that the contents of the book are true?

4. Our central principle in the Wright case is that Wright owes a lifelong duty of confidentiality to the Crown. In upholding this principle in the proceedings in Australia, we did not need to enter into questions about whether allegations by Wright were true or false. Our technical admission [that the contents of the book could be regarded as true for the purposes of the proceedings] was made for the limited procedural purpose of excluding questions concerning the book's contents from the proceedings.

Need for an inquiry?

5. The Prime Minister has full confidence in the Security Service's strict adherence to the directive under which it carries out its duties, and in its skill and loyalty in carrying out the tasks which it is called upon to undertake in the defence of our security and freedom. There are no grounds for instituting a special inquiry.

Reference to the Director of Public Prosecutions?

6. So long as the case in Australia continues, it would be inappropriate to comment.

Can you confirm that an application to refer to the Director of Public Prosecutions was made in the Australian proceedings?

7. It would not be proper for the Government to comment on what may or may not have been said in the proceedings in closed session in Australia.

OUT TELEGRAM

Classification	Caveat	Precedence
CONFIDENTIAL		PRIORITY

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TC
CAVEAT
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TO
TELNO
OF
AND TO

ZCZC

CONFIDENTIAL

FM FCO

TO PRIORITY CANBERRA

TELNO

OF 301200Z JUNE 87

YOUR TELNO 418: PETER WRIGHT CASE

1. You will be receiving shortly a copy of a letter to HMA Washington setting out the background to the expected publication of Peter Wright's book in the US. In brief we expect the book to be published by Viking Penguin some time in July or, possibly, early August (there have been a variety of reports). We understand that Stoddart Publishing Co are also planning to publish in Canada, but possibly not until the outcome of the case in Australia is known. Our legal advice has been that legal action to prevent publication in the US would fail and also that we could not stop the book in Canada once it has been published in the US. The Government has therefore decided not to take legal action in either country.

2. We are not totally surprised by Griffith's views.* He has tended to take a pessimistic view of our chances for some time. The view of Simos Caldwell and our legal advisers here is that publication in the US would certainly reduce our chances of obtaining a permanent injunction in Australia restraining publication of the books. (It may be this that Griffiths has

File number	Dept PUSD	Drafted by (Block capitals) C C R BATTISCOMBE	Telephone no 2328
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OUT TELEGRAM (CONT)

	Classification	Caveat	Precedence
	CONFIDENTIAL		PRIORITY

in mind). They consider however that we would still retain a reasonable chance of maintaining in the appeal proceedings in Sydney the principle that Wright, as a former member of the Security Service owes a lifelong duty of confidentiality to the Crown. This would leave the way open for further proceedings against Wright for an account of profits to prevent him profiting financially from the book's publication. We consider it very important to continue to do our utmost to obtain these aims in order to deter others from following in Wright's footsteps.

3. The above is essentially for your own information. It would not be appropriate for you to get into a detailed discussion with Griffith of our prospects in the case, and we would not wish you to expose to him any more of our thinking than you need. Nevertheless, we feel bound to ask for some elucidation of his very negative views. Grateful therefore if you would ask him whether he was speaking only of our prospects of obtaining a permanent injunction, or about the case as a whole. If necessary, you could explain to him that we see no reason why publication in the United States should affect the prospects of obtaining a ruling on the principle of law upholding Wright's duty of confidentiality or (in due course) an account of profits.

HOWE

YYYY

PETER WRIGHT CASE

LIMITED

DEP HD/PUSD

MR LITTLEFIELD, PUSD

PUSD(E206)

HD/PUSD

HD/SPD

For distribution order see Page Catchword: /HD/NEWS DEPT

1

10 DOWNING STREET

Prime Minister

You did not "sign off" on this. Are you content with the line to take?

N. L - W

29.6

CONFIDENTIAL

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

LPO
FCO
HO
MOD
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SLHAKI

C folder

SIR ROBERT ARMSTRONG

PETER WRIGHT CASE: LIKELY PUBLICATION IN NORTH AMERICA (OD(DIS)(87)45)

The Prime Minister has seen this OD(DIS) paper which covers a note by officials seeking decisions by ministers in terms of a further letter from the Treasury Solicitor to Lord Blakenham and on whether the Treasury Solicitor should write again to Viking Penguin Inc.

The Prime Minister agrees with officials that the Treasury Solicitor should write again to Lord Blakenham on the lines of the draft attached to the OD(DIS) paper, but that he should not pursue further the correspondence with Viking Penguin Inc.

I am sending a copy of this minute to the Private Secretaries to Members of OD(DIS) and Mr. Mallaby.

N. L. WICKS

29 June 1987

CONFIDENTIAL

GRS 152

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CONFIDENTIAL
FM CANBERRA
TO PRIORITY FCO
TELNO 418
OF 260510Z JUNE 87

PETER WRIGHT CASE

1. THERE HAVE BEEN REPORTS IN THE NEWSPAPERS HERE THAT AN AMERICAN PUBLISHING COMPANY HAS DECIDED TO PUBLISH THE WRIGHT BOOK AT THE END OF JULY: AND THAT THE LEGAL ADVICE TO THE GOVERNMENT IN LONDON HAS BEEN THAT A CIVIL ACTION TO TRY TO STOP PUBLICATION IN THE UNITED STATES WOULD BE UNLIKELY TO SUCCEED. I ASKED THE SOLICITOR-GENERAL, GAVAN GRIFFITH, TODAY HOW HE THOUGHT THIS WOULD AFFECT THE HEARING IN THE NEW SOUTH WALES COURT OF APPEAL, WHICH IS ALSO DUE TO TAKE PLACE AT THE END OF JULY. HE SAID HE THOUGHT THAT IF PUBLICATION WENT AHEAD IN THE UNITED STATES IT WAS INCONCEIVABLE THAT THE COURT OF APPEAL WOULD OVERTURN JUSTICE POWELL'S JUDGEMENT.

2. YOU MAY ALREADY HAVE HAD SIMILAR ADVICE FROM OUR OWN LEGAL ADVISERS BUT I THOUGHT IT WORTH MENTIONING IN ANY CASE. I SHOULD BE INTERESTED TO HEAR WHAT YOUR REACTIONS ARE.

LEAHY
CEHPAN 1784

PETER WRIGHT CASE

LIMITED

DEP HD/PUSD
MR MURRAY, PUSD
PUSD (E 206)
HD/PUSD
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MR McLAREN
MR DARWIN, LEGAL ADVISERS
MR GILLMORE

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MR B H DINWIDDY)
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MR SAUNDERS) LAW OFFICERS
MR INGLESE) DEPT
PS/HOME SECRETARY
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MR PARTRIDGE)
MR NURSAW) HOME OFFICE
MR MOWER)
LEGAL ADVISERS, SEC. SERVICES) VIA
DIRECTOR GENERAL, SEC. SERVCS) PUSD E203
MR WICKS, 10 DOWNING ST.
PRESS OFFICE, 10 DOWNING ST.

CONFIDENTIAL

D 1 2 A c B
Ail

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

PETER WRIGHT: (a) POSSIBLE PUBLICATION OF THE BOOK IN CANADA AND (b) IMPLICATIONS FOR THE AUSTRALIAN CASE OF PUBLICATION IN NORTH AMERICA (OD(DIS)(87)44)

The Prime Minister has seen this note by the Secretaries on possible publication of the Wright manuscript in Canada.

Subject to the views of other Ministers, the Prime Minister agrees with the recommendation of officials that no legal actions should be taken in Canada aimed at preventing the publication of Wright's book in that country.

I am sending copies of this minute to the Private Secretaries to members of OD(DIS), the Lord Advocate and to Mr Mallaby.

N L WICKS
23 June 1987

CONFIDENTIAL

ls

CONFIDENTIAL

01-936-6494

Communications on this subject should be addressed to
THE LEGAL SECRETARY
ATTORNEY GENERAL'S CHAMBERS

ATTORNEY GENERAL'S CHAMBERS,
LAW OFFICERS' DEPARTMENT,
ROYAL COURTS OF JUSTICE,
LONDON, W.C.2.

19 June 1987

Nigel Wicks Esq CBE
Principal Private Secretary
Prime Minister's Office
10 Downing Street
LONDON S W 1

Prime Minister
You need not
read the attachment.
X is the important point.
N. L. W
23.6

Dear Nigel,

PETER WRIGHT CASE : LIKELY PUBLICATION OF THE BOOK IN THE UNITED STATES

In your letter of 21 May you said that the Prime Minister would wish to know that our US Counsel, Anthony Lapham, had confirmed his advice given orally to the Treasury Solicitor that we have no hope of obtaining an injunction in the US courts to prevent publication of the Wright book there.

Mr Lapham has now confirmed his advice, and I attach a copy of the heavy but certainly comprehensive fax which he has sent.

I am copying this to the Private Secretaries of the members of OD(DIS) and of the Lord Advocate and to Trevor Woolley.

Yours sincerely,

Anthony Inglese

A M C INGLESE

CONFIDENTIAL

SHEA & GARDNER
1800 MASSACHUSETTS AVENUE, N. W.
WASHINGTON, D. C. 20036

To: DA Hugg

From: Anthony Lapham

Date: 6.10.87

Pages (including cover): 8

This transmission is via a Xerox 7010 Automatic

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SHEA & GARDNER

June 10, 1987

TO: D. A. Hogg, Assistant Treasury Solicitor

FROM: Anthony A. Lapham

RE: Your inquiries of May 20

Your first fax transmission of May 20 asked (1) for comment on the legal views expressed in an excerpt from an article that appeared in the New York Post on May 13, 1987, and (2) for confirmation that a note prepared by John Bailey, following our several telephone conversations, accurately and completely reflects the legal advice that I gave in those conversations, and if not then for any corrections or additions. Your second fax transmission of May 20 asked for comment on the question whether, in any action brought in the United States by HMG against Viking Penguin, Inc. (presumably this refers to an action seeking to restrain publication of the Peter Wright book, although the reference might be to an action that would follow publication of the book), HMG could stand simply on the principle that former Security Service employees are bound by an obligation not to publish any writings about that employment or whether on the contrary it would be necessary to offer evidence showing that particular passages in the book disclosed information actually damaging to British security interests.

The New York Post article

My overall comment on the legal views expressed in the excerpted New York Post article of May 13 is that those views don't make much sense.

In the first place, were HMG to commence an action seeking to restrain the publication of Peter Wright's book by Viking Penguin, Inc., that

action certainly would not be seen by any U.S. court as a "test of the Supreme Court's 1980 ruling" in the case involving Frank Snepp. Rather, in my judgment, the differences between such an action and the Snepp case would be seen as far more significant than any similarities, those key differences being: (1) the action would be directed not against the author but instead against a publisher, a critical distinction given that the Snepp ruling was premised fundamentally on the Supreme Court's acceptance of the idea that Snepp had violated an obligation of trust that he had assumed upon becoming a CIA employee, which is a theory that was not available as against Snepp's publisher (the publishing company was not sued in the Snepp case) and would not be available in an action against Viking Penguin, Inc.; (2) the trust obligation found to have been violated by Snepp was to submit any manuscript to the CIA for review and clearance prior to putting it into the hands to a publisher, so as to afford the CIA an opportunity to delete any information meeting established classification criteria (which is the only kind of information subject to objection in the CIA pre-publication clearance process, with the author then left free to publish the remainder), whereas the HMG position, as I understand, is that Peter Wright has a much more sweeping obligation, namely never to publish anything at all concerning his Security Service employment; I very much doubt that the CIA could ever persuade any U.S. court to recognize any such sweeping obligation, and therefore -- no insult intended -- there is even less chance that HMG could accomplish this feat; (3) Snepp's obligation was reflected and made definite by a written secrecy agreement that he signed as a condition of his CIA employment; that circumstance mattered in the litigation of the Snepp case because the written

agreement proved the existence and terms if not the legal validity of the obligation, and made clear that Snepp had knowingly and willingly undertaken the obligation at the outset of his service; it is a wide open question, not yet considered or resolved in any U.S. court action, whether a secrecy obligation of the kind expressly undertaken by Snepp -- namely, to submit manuscripts for security review and clearance prior to publication -- could or would be implied in the absence of a written agreement; as I understand, your Security Service personnel, Peter Wright included, are not required to sign written secrecy agreements, and you would therefore be relying on the existence of an implied obligation; my point here is not that no such obligation exists, but only that in seeking to establish its existence you would be asking a U.S. court to step considerably beyond the Snepp ruling and break new legal ground; (4) Snepp managed to get his manuscript into print surreptitiously and without prior notice to the CIA, so that the suit against him was a post-publication action that avoided many of the problems traditionally associated with legal efforts to restrain publication before it occurs; more on this below; and (5) while the CIA obviously had ready access to the courts to press its claim against Snepp, I cannot recall any instance in which any foreign government, no matter how closely allied with the U.S., has sought to protect its security interests by means of an action in a U.S. court, or conversely in which the U.S. has sought to protect its security interests through a foreign court; there must surely be some novel questions here, having to do with jurisdiction, whether a claim can be stated of which a U.S. court would take cognizance, and so forth, but I have not attempted to sort through these questions.

The excerpted New York Post article of May 13 also suggests that Viking's lawyers, in defense of an action by HMG to restrain publication of Peter Wright's book, were such an action to be brought, would argue that "a contract requiring someone to conceal a crime -- Wright cites such felonies as an attempt to kill Egypt's President Nasser -- isn't enforceable."

It of course is possible that Viking's lawyers might raise this defense. However, among other things that could be said about such a defense, an obligation to maintain secrecy with respect to intelligence activities would not mean much if it could be set aside by former intelligence officers on the basis of their conclusion that the activities in question were criminal. At the same time, you probably should not discount the potential of this defense as a platform from which to paint HMG in the worst possible light.

In the grand scheme of things, this possible defense could only be regarded as having minor importance in comparison with the First Amendment defense with which any action by HMG to restrain publication of Peter Wright's book by Viking is certain to be confronted. The reference here is to the First Amendment of the U.S. Constitution, which forbids the enactment of any law abridging the freedom of the press and has consistently been construed to apply to judicial orders as well as to laws enacted by Congress. As I explained to Mr. Bailey, to my knowledge this First Amendment prohibition has been overcome by the U.S. government only once in relation to the publication of national security information, in a case involving the intended publication by a magazine of an article disclosing H-bomb design information. From a precedent standpoint, the decision in that single case, U.S. v. The

Progressive, Inc., 467 F. Supp. 990 (W.D. Wis. 1979), would do little or nothing to bolster the position of HMG in an action to restrain Viking, both because the decision represents the view of a single trial-level federal judge (an appeal was taken but was dismissed before any appellate opinion was ever issued), and also because the nature of the information the USG was seeking to protect -- H-bomb design concepts -- puts that case in a rather special and exceptional category. Without meaning in any way to minimize your present concerns, the broad principle HMB is seeking to vindicate could not hope to be accorded a status equivalent to H-bomb design information, and as noted above the same would be true if that principle were to be advocated by CIA or another U.S. security agency.

The more relevant precedent is the decision in New York Times Co. v. U.S., 403 U.S. 713 (1971), in which the Supreme Court rejected the USG's attempt to enjoin the continuing publication, by the New York Times and the Washington Post, of the so-called Pentagon Papers, a classified study formally entitled "History of U.S. Decision-Making Process on Viet Nam Policy." The decision in that case, which is the landmark in the field and the Supreme Court's last pronouncment on the subject of prior restraint in the context of national security information, was reached in the face of highly credible evidence that the continuing publication of the Pentagon Papers, which the USG sought to enjoin, would do serious damage to U.S. security interests. The one common opinion in that case (in which six of the nine Supreme Court justices joined) and the several separate concurring opinions, whatever the differences between them, make it unmistakable that, at a minimum, any system of prior restraint bears a heavy presumption against its

constitutional validity and could be justified only in extraordinary circumstances. You already know my view that HMC would fall well short in any effort to surmount this presumption, as indeed the USG would fall short were it to litigate the same issues on behalf of its own security interests.

It is a bit of an exaggeration, but not much, to say that the First Amendment argument against you would have behind it 200 years of American history, dating all the way back to the time when the colonies broke away from the dominion of some tyrannical foreign power, the name of which escapes memory.

Mr. Bailey's note

The conversations reflected in Mr. Bailey's note had mainly to do with a possible action against the Washington Post, as opposed to Viking, but that fact does not alter the legal analysis, and the note is essentially accurate. With reference to paragraph 2 of the note, the point should also be made that a breach by others of their undertakings to the Australian court, even if such a breach could be proved and even if the Washington Post's possession of the manuscript is a product of that breach, would not facilitate an injunction, any more than the security breach in the Pentagon Papers case supported injunctive relief against the Washington Post in that setting. For the rest, I would ask simply that the note be read in conjunction with this memorandum.

The question regarding evidence

Your second May 20 fax transmission asked whether, in an HMG action against Viking, you would be required to submit evidence "to show that the contents of the manuscript were harmful to British Security." My answer

is that such evidence in all likelihood would be required, and that it almost certainly would be insufficient. In addition, as I'm sure you realize, evidence of this kind is often more painful to produce, and more damaging, than the information you are seeking to protect, so that weight must always be given to the very large risk that through the litigation process (including pre-trial discovery demands) the injury that is sought to be avoided will instead be compounded.

SECURITY

WRIGHT

PTT

SUBJECT
cc MASTER

SECRET

File CCB/PMP 14
Prim

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

18 June 1987

CONTROL AND OVERSIGHT OF THE SECURITY SERVICES

As you know, the Prime Minister wished to discuss with the Heads of the three Agencies the matters in Sir Robert Armstrong's minute of 3 April about possible changes in the control and oversight of the Security Services.

The Prime Minister has now had a discussion with the heads of the agencies. Her preliminary view on the six recommendations in paragraph 32 of the note attached to Sir Robert's minute is as follows:

(i) Yes, officials should examine the possible form and content of legislation to put the Security Services on to a statutory basis;

(ii) She agrees that we should not pursue further possible forms of external oversight of the Security Services;

(iii) The decision to appoint staff counsellors for all the security and intelligence services should be confirmed and implemented. The Prime Minister's view is that, at least to begin with, there should be one Counsellor for the three Services;

(iv) There is no need for officials to prepare detailed proposals for establishing a Security Service Counsellor;

(v) Officials should continue to work on the preparation of a revised and updated directive for the Director General of the Security Services, though the Prime Minister is not yet convinced that it would be right to establish a new directive;

(vi) Further consideration should be given to the implications for GCHQ and SIS of changes proposed for the Security Services;

SECRET

Before final decisions are made, the Prime Minister wishes to discuss the paper attached to Sir Robert's minute with your Secretary of State, the Home Secretary and the Lord President. We will arrange a meeting as soon as possible for that purpose.

I am sending a copy of this letter to Mike Eland (Lord President's Office), Philip Mawer (Home Office) and to Trevor Woolley (Cabinet Office).

N. L. WICKS

A. C. Galsworthy, Esq., CMG.

CONFIDENTIAL

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

18 June 1987

Dear Philip,

PETER WRIGHT CASE: OD(DIS)(87)43

The Prime Minister has seen this note by the Secretaries about the Government's public line for when Wright's book is published in the United States.

The Prime Minister believes that our general stance should be that while making a robust defence of the Government's position, we should say nothing in public which would prejudice the prospects of our winning the Australian case, even though this might mean that we have to take a less robust public line on some of Wright's allegations. With that in mind she has made the following comments on the paper:

(i) With reference to the question in paragraph 6a of the paper she does not think we should add to paragraph 2 of the draft some disparaging remarks about Wright's motives and his reliability as an author. Subject to the Attorney General's view she sees some advantage in the suggestion to replace the final sentence of paragraph 2 of the draft by the sentence:

> "The Government is not otherwise prepared to comment on the welter of recent allegations and innuendo about the Security Service."

(ii) The Prime Minister believes that the draft line to take annexed to the paper should be improved by various deletions of sentences which are unnecessary. With that in mind she suggests that the first sentence of paragraph 3 and the first sentence of paragraph 4 should not be used.

The Prime Minister would be grateful if the Home Secretary could report to her the outcome of the OD(DIS) discussion.

I am sending a copy of this letter to Michael Saunders in the Law Officers Department and to Sir Robert Armstrong and Mr. Mallaby in the Cabinet Office.

Yours ever,
Nigel Wicks

(N. L. WICKS)

Philip Mawer, Esq.
Home Office.

CONFIDENTIAL

10 DOWNING STREET

Prime Minister

The reason we have
this discussion
tomorrow is that
Sir Antony Duff is
soon off on holiday and
will not return until
well into July.

N. L. W.

17.6

PRIME MINISTER

PETER WRIGHT CASE: OD(DIS)(87)43

The paper below is to be discussed by OD(DIS) under the Home Secretary's chairmanship. I will ask that the outcome of the meeting is reported to you.

There are two broad lines of thought among officials on the Government's public line if Wright's book is published in the United States.

1. We should say nothing in public which would prejudice the prospects of our winning the Australian case; even though this might mean that we would take a less robust public line on some of Wright's allegations;

or

2. We should take a robust public line rubbishing Wright's allegations; even though this might weaken our legal position in the Australian and other cases.

The draft line to take attached to the paper reflects 1. above. I am sure this is right. We should continue to fight the legal cases until we have won or our legal advice is that our position is hopeless. We should not therefore say anything which prejudices our legal case. This might inhibit our taking a robust public line, but so be it.

You may want to indicate to the Home Secretary before the OD(DIS) meeting whether you are generally content with the public line suggested in the attachment to the OD(DIS) paper. Have you any views on the two points raised in paragraph 6 of the paper: namely, should we rubbish Wright's book, even though this would weaken our position in the Australian case? I suggest that the formulation at X in paragraph 6(a) might do

Yes subject to B-a
NLW

the trick without causing legal difficulty, though the Attorney General's views are essential here. Have you any views on the issue raised in paragraph 6(a) on whether the Government should be ready to give a definite negative answer to questions about references to the DPP?

I have made various deletions of sentences which are unnecessary and which in my view are better left out - because they are not wholly accurate or may prejudice something we want to keep open. Also other comments

Julie Bowers
Duty Clerk

pp NLW

17 June, 1987.

CONFIDENTIAL

MJ2BBV

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

B/F NLW
15 Sept.

SIR ROBERT ARMSTRONG

CONTROL AND OVERSIGHT OF THE SECURITY AND INTELLIGENCE SERVICES

I have shown the Prime Minister your minute of 26 May about Sir James Callaghan's suggestion that he should have a meeting with the Prime Minister to discuss the targeting, structure and oversight of the Security Services.

The Prime Minister agreed with the approach suggested in your letter but thought that rather than her write to Sir James Callaghan, I should speak to him on the lines of the draft attached to your minute.

I did so today and told Sir James the Prime Minister would be ready to have a discussion with him, on Privy Counsellor terms, some time in the autumn. Sir James was content, and said that in the meantime he would talk to Lord Hunt and others. He readily accepted that Lord Hunt should not come to the meeting.

N.L. Wicks

16 June 1987

CONFIDENTIAL

CABINET OFFICE
70 Whitehall London SW1A 2AS Telephone 01-233

15 June

Nigel

All I was going to say on the telephone was that the line to take when PW's book is published in the USA will be submitted to OD (DIS) tomorrow.

In a minute of 21 May you envisaged discussion of it after the election, but that may not be necessary, depending on reactions to the draft

Christopher

CONFIDENTIAL

"C" folder

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10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

MR DINWIDDY
Cabinet Office

PETER WRIGHT CASE: LIKELY PUBLICATION OF THE BOOK IN THE UNITED STATES (OD(DIS)(87)42)

The Prime Minister has seen this paper, to which there was attached a note by officials seeking certain decisions on a number of points connected with the prospective publication of Wright's book in the United States.

The Prime Minister agrees with the recommendations of officials in paragraph 9 of their note provided that the Attorney General has himself approved the terms of the letters. If not, she would like him to make suitable amendments.

I am sending a copy of this minute to the Private Secretaries to members of OD(DIS), the Lord Advocate and to Sir Robert Armstrong.

N. L. WICKS
8 June 1987

CONFIDENTIAL

010

From: THE PRIVATE SECRETARY

CONFIDENTIAL

HOME OFFICE
QUEEN ANNE'S GATE LONDON SW1H 9AT

8 June 1987

pa

Dear Anthony,

"ONE GIRL"S WAR"

WITH NLW?

The Home Secretary has now seen the Attorney General's minute of 4 June about the action to be taken against bookshops in Britain found selling this book.

The Home Secretary agrees with the Attorney's proposed approach to this problem, but believes that the action proposed should not extend beyond bookshops which have sold a copy of the book or have a copy for sale. Other bookshops may well tell enquirers that they would try to obtain a copy from the publishers, but the Home Secretary sees no need for action where no more has been done than that.

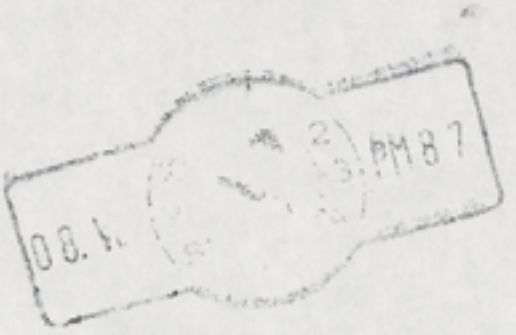
I am copying this letter to the Private Secretaries to the Prime Minister, other members of OD(DIS), the Lord Advocate and Sir Robert Armstrong.

Yours sincerely,

P J C MAWER

Anthony Inglese, Esq.,

CONFIDENTIAL



08.1. PM87

CONFIDENTIAL

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10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

8 June 1987

ONE GIRL'S WAR

The Prime Minister has seen the Attorney General's minute of 4 June to the Home Secretary about the report that this book by John Miller is freely available at book shops all over Britain. She agrees that we should now seek an undertaking from any firm whose book shops are found selling the book that they will withdraw it from sale. She recognises that if we do not receive an undertaking, there may be little alternative to seeking an injunction in due course.

I am sending a copy of this letter to the Private Secretaries to members of OD(DIS), the Lord Advocate and to Sir Robert Armstrong.

N. L. WICKS

Michael Saunders, Esq.
Law Officers' Department

CONFIDENTIAL

CONFIDENTIAL Prime Minister

Do you agree that the A.G. should seek an undertaking from booksops selling the book that they will withdraw it from sale, bearing in mind that if they refused it would probably be necessary to go for an injunction?

N.L.J
5.6

HOME SECRETARY

ONE GIRL'S WAR

You will be aware of the report in the Sunday Times of 31 May that copies of the above book by Joan Miller are "freely available at bookshops all over Britain", despite the injunctions obtained here last year (and the interdict in Scotland) preventing its distribution and sale. It appears that these bookshops are being supplied with copies of the book by post from the publishers in the Republic of Ireland.

The Treasury Solicitor has commenced enquiries through his agents in the various places in England and Wales mentioned in the Sunday Times' article as having a bookshop selling the book, and I understand that similar enquiries are taking place in Scotland. In one particular case, where a Croydon bookshop on being approached by a representative from the Treasury Solicitor said that it was not permitted to sell, and did not sell, the book (despite the fact that it was reported to have been "displaying the Miller book prominently"), the shop has been requested to confirm the position by giving a formal assurance to that effect.

We need now to consider our reaction if the result of the enquiries is that the book is on sale in several bookshops in Britain. I deal below with the question of action in England and Wales and, with the Lord Advocate's approval, in Scotland.

The Sunday Times' article has put Government in an embarrassing position. It makes us look ineffectual. However successful we are in reacting to this article we are always liable to be embarrassed by further allegations naming different places in Britain where the book can be obtained. Despite the difficulties of taking effective action, however, I believe that the overriding requirement on us is to demonstrate in the Australian proceedings and elsewhere that we have a consistent approach to upholding the duty of confidentiality. If we take no action here, we will find it impossible to rebut charges of inconsistency.

I believe, therefore, that we have little alternative but to seek an undertaking from any firm whose bookshops are found selling the book that they will withdraw it from sale.

I would therefore ask colleagues for authority for action to be taken as in the previous paragraph should it prove necessary.

I do warn colleagues, however, that, if we do not receive an undertaking where we have asked for one, there may be little alternative to seeking an injunction (or in Scotland an interdict) in due course.

I should add that had my arguments in the contempt proceedings against the Independent newspaper prevailed none of this would be necessary: any shop which was selling the book would be in contempt of court, even though it was not named in the injunction, and could be duly warned to withdraw the book or face contempt proceedings. The appeal in the Independent case will not, however, be heard until 22 June and the judgment not available until some time after that. It is unlikely that we will be able to refrain from taking action against bookshops selling One Girl's War until then.

I am copying this to the Prime Minister, the other members of OD(DIS), the Lord Advocate and to Sir Robert Armstrong.

M.H.

4 June 1987

dictated to Debbie 1.45 pm 2/6 SR

MRS AILES

Please could you draw this to the Prime Minister's attention at a convenient moment.

"The Attorney General lost his case today in the High Court for criminal contempt proceedings against three newspapers (The Independent, the London Daily News and London Evening Standard) for publishing extracts from the Wright book.

The Attorney is seeking leave to appeal. His application may be heard this afternoon, or tomorrow.

Since the action is for criminal contempt, this is a matter entirely for the Attorney."

(N. L. WICKS)
2 June 1987

1049.

PRIME MINISTER

CONTROL AND OVERSIGHT OF THE SECURITY AND INTELLIGENCE SERVICES

Two comments on Robert Armstrong's minute below:

i) Robert is surely right that the essence of the matter is trust: not only between the Heads of the Agencies and Ministers and Ministers and Parliament, but also between Ministers and the Agencies on the one hand and the public at large on the other. So far as I can see, there is no general public disquiet about the role, control and oversight of the Security and Intelligence Services; it certainly does not show up in your correspondence from the public. Any disquiet there is is stirred up by a few MPs and unscrupulous journalists.

ii) This suggests that we should not move from the essentials of the present arrangements for control and oversight without very compelling reason. I agree with Robert that the early introduction of Staff Counsellors should go ahead. If more was needed - and we would only know that after the system of Staff Counsellors had been given a fair trial - the experience of the last year does not suggest the Committee of Privy Counsellors route is the right one. But that is not a decision that needs to be taken in the near future; the Staff Counsellors need to be given a fair run.

The next step is for you to discuss with the heads of the Agencies. As you wished, the note by officials on Control and Oversight of the Security Services. We are arranging an early meeting.

N.L.W.

N.L. WICKS
27 May 1987

BM2BFH

CONFIDENTIAL

Ref. A087/1476

MR WICKS

Control and Oversight of the Security and Intelligence Services

Sir James Callaghan has told you that he would like to have a meeting with the Prime Minister to discuss the targetting, structure and oversight of the Security Services. He has said that he has been discussing these issues with Lord Trend, Lord Allen of Abbeydale, Lord Hunt of Tanworth and Sir Michael Palliser, and would like to bring them to the meeting.

2. Sir James Callaghan reverted to the question of control and oversight of the Security Service in the statement which he issued on 6 May, and in his supplementary question to the Prime Minister later that day, when she answered a Private Notice Question by Mr Kinnock.

3. I have had some discussion with Lord Trend and Lord Hunt on these matters. It is clear that Sir James Callaghan has had some very preliminary discussion with each of them, but none with the four together, and none that has led to any kind of general agreement on a line to be followed. Lord Trend and Lord Hunt were extremely surprised to hear that Sir James Callaghan would like to bring them along to a meeting with the Prime Minister, and did not expect or indeed want to be invited.

4. Neither Lord Trend and Lord Hunt favours the introduction of external oversight for the Security Service, but both fear that political pressures may make it inevitable. Both are impressed by the disadvantages of Parliamentary oversight, as exemplified by American and German experience. If there had to be any form of oversight, other than Ministers, Lord Hunt would favour an extended remit and membership for the Security

Commission, reporting to the Prime Minister; Lord Trend would favour a Committee of Privy Counsellors on the model of the Franks Inquiry: including two or three senior "political" Privy Counsellors, but chaired by a non-political Privy Counsellor such as Lord Franks, and including other non-political Privy Counsellors. The Committee should report to the Prime Minister. In neither case would the Prime Minister be under an obligation to publish reports to her, though she would presumably want to make statements about the findings.

5. It would be difficult for the Prime Minister to refuse to meet Sir James Callaghan, but I think that it would be quite inappropriate for him to bring the three Lords and Sir Michael Palliser with him. Such a discussion might best take place after the Prime Minister has had the meeting with the heads of the agencies (that was to have taken place on 13 May) and a subsequent meeting with the two Secretaries of State.

6. I imagine that the Prime Minister will not expect to send, nor Sir James Callaghan to receive, a response during the Election campaign. Once it is over, she may like to respond on
--- the lines of the attached draft.

RA

ROBERT ARMSTRONG

26 May 1987

SECAAQ

DRAFT LETTER FROM THE PRIME MINISTER TO

THE RT HON JAMES CALLAGHAN KG

Before the Election, Nigel Wicks told me that you would like to come and discuss the control and oversight of the security services, and bring Lord Allen of Abbeydale, Lord Hunt of Tanworth, Lord Trend and Sir Michael Palliser with you.

I should of course be very ready to meet you for such a discussion, on Privy Counsellor terms; but I think it would be appropriate for the discussion to be between the two of us (with Nigel Wicks to take a note), rather than to include four former public servants.

I gather that you are in no immediate hurry, and there will clearly be a good deal of other preoccupations between now and the end of July. I suggest therefore that we think in terms of a meeting later in the year - perhaps in October or November.

SECAAR

SECURITY: Secret Service: Pt 7

CC&UP
13

Ref. A087/1475

MR WICKS

Control and Oversight of the Security and Intelligence Services

Attached With my minute of 3 April 1987 (A087/988) I sent you a note by officials on control and oversight of the Security Service. What follows is a personal contribution to the subject, which differs in some (though not all) respects from the note by officials.

2. What this is all about, it seems to me, is trust. The existing arrangements are based on the ability of Ministers to trust the Director General of the Security Service to control the operations of the Service, ensure compliance with the directive, and manage it efficiently; and on the readiness of Parliament to trust the Ministers responsible for the Service to exercise (with the assistance of a few senior officials) the necessary degree of political, policy and managerial oversight.

3. So long as this system works and is accepted, it has a great deal to commend it. Ministers and their senior officials in the ordinary course of their business are able to know more about the work of the Security Service than it would be right or possible for any external body to know. Their knowledge gives them greater effectiveness in control and oversight than any external body could have. The system is in a sense self-policing, since the Security Service would be very unwise to put at risk its advantages to them by abusing it in ways which, if they came to light, would forfeit the trust placed in the Director General and would put the continuance of the system in question. The system admittedly puts a very heavy

responsibility on the Director General; but the people chosen for that post ought to be of the quality that can take and exercise that responsibility.

4. The difficult, and essentially political, judgment that has to be made is whether the trust on which the present system is based has gone beyond recall. Clearly Ministers retain their trust in the Director General. The question is whether Parliament is in general - the Dalyells and Campbell-Savourses apart - still prepared to trust Ministers. From within the system there seems to be no reason why that trust should have been lost. It is clearly threatened by the campaign of the investigative journalists - and some Members of Parliament - to use any and every allegation that comes to hand to discredit the Service and to suggest that it has not been effectively controlled and supervised. The fact is that it is more effectively controlled and supervised today than it has ever been. But there are people who, while believing that to be the case, have been sufficiently impressed by the campaign to conclude that the present system now has to be supplemented with some form of external oversight, in order to satisfy Parliamentary and public opinion. I should like to believe that they are wrong and that it is still possible to stand firm and resist oversight.

5. I accept that it will eventually become impossible to do so, if the cases now being brought under the European Convention of Human Rights result in findings which are adverse to the Government. But I hope that we shall fight those cases as hard as we can; and (unlike some other officials) I doubt whether it would make much sense to try to pre-empt the findings, even though it is clearly sensible to begin to think what courses might be open to us if such findings were handed down.

6. I believe that we should go ahead immediately with the appointment of Staff Counsellors - already approved by the Prime

Minister, and only held up because of second thoughts about how such Staff Counsellors would deal with prima facie cases of illegality. The appointment of Staff Counsellors would be announced. The knowledge that there were people there, not members of the Service but familiar with its purposes and problems, to whom staff could go with any problems of conscience about what they were asked to undertake, and who would have right of access not only to the Director General but to the Cabinet Secretary and if need be to the Secretary of State, would be a considerable reassurance that the Service would not be able to commit itself to operations or activities that did not accord with the directive, and would reinforce Parliamentary trust in Ministerial oversight.

7. I do not believe that the idea of a Security Service Counsellor - the wider version of the Staff Counsellor discussed in paragraphs 19 to 22 of the note by officials - is likely to be of much help. For those for whom the existing system - plus the Staff Counsellor - is inadequate, I do not think that the wider role would be sufficient to make it adequate and to re-establish trust. I believe that such a person would in practice be little or no less instrusive than an Inspector General (paragraph 17 of the note by officials). And I think that the role intended for the Security Service Counsellor is ill-defined - and coloured too strongly by a comparison with the Commissioner appointed under the interception legislation.

8. I agree with the objections to external oversight reporting externally described in paragraphs 15 and 16 of the note by officials.

9. If the existing system, plus the Staff Counsellor, was felt to be inadequate to meet the political need, then I think that the best hope of re-establishing the necessary degree of trust and providing an effective form of external oversight would be for the Prime Minister to appoint a Committee of Privy

Counsellors which would report to her. It should report once a year, on the basis of a report by the Director General on which he could be examined. The membership should include two senior Privy Counsellors with Ministerial experience of the Service (former Prime Ministers or Home Secretaries), and also a number of non-political Privy Counsellors, who could include former public servants and perhaps also one or two judges from the House of Lords or the Court of Appeal. The Chairman should be one of the non-political Privy Counsellors. The Committee should report to the Prime Minister. Its reports should not be published, but the Prime Minister could accept an obligation to make a statement about its findings in the House of Commons (usually in the form of a Written Answer to a Parliamentary Question).

10. Because such a body was reporting within the fence of confidentiality, the Security Service could be at any rate reasonably candid in the material which was given to it; because the body would include Privy Counsellors with a political background, Parliament could have a reasonable degree of trust in its freedom from undue bias in favour of the Service - or indeed of Ministers.

RA

ROBERT ARMSTRONG

26 May 1987

SECAAP

SECURITY: Secret Service : Pt 7

THE NATIONAL ARCHIVES

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10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

22 May, 1987.

PETER WRIGHT CASE: LIKELY PUBLICATION OF THE BOOK IN THE UNITED STATES

The Prime Minister has seen the Attorney General's minute of 21 May. The Prime Minister will await Lord Blakenham's reply to the Treasury Solicitor's letter of yesterday, as the Attorney suggests, but she too is inclined to the view that it looks as if there is virtually no hope of an injunction, and many risks attach to such a course.

I am sending copies of this letter to the Private Secretaries to the members of OD(DIS), the Lord Advocate, and Sir Robert Armstrong, and to John Bailey (Office of the Treasury Solicitor), and Christopher Mallaby and Bruce Dinwiddy (Cabinet Office).

MEA

for N.L. Wicks

Michael Saunders, Esq.,
Law Officers' Department.

CONFIDENTIAL

SECRET

per Sam Lg PM

Prime Minister 12

Ref. A087/1447

MR WICKS

The Prime Minister may have seen recent publicity for a book by Mr Peter Hain, who is I understand standing as a Labour (or it may be Liberal) candidate, entitled "A Putney Plot?" Mr Hain was tried and acquitted in 1976 on charges of bank robbery. His book repeats earlier claims that the supposed robbery was staged by the South African Bureau of State Security in order to discredit him (he was a leading anti-apartheid campaigner) and in order to help secure the election of a Conservative Government. The book also contains a new allegation: that the Security Service was involved with the South African Bureau of State Security in this campaign to discredit him. He goes on to embellish many of the allegations already current about the Security Service conspiracies against Lord Wilson, Mr Heath and others.

2. I am assured by the Director General that the allegations of Security Service involvement in the plots are wholly unfounded.

RA

ROBERT ARMSTRONG

21 May 1987

CONFIDENTIAL

Prime Minister

I suggest we consider this further when we have had Blatchenham's reply to the T. Solo letter of today.

PRIME MINISTER

but it looks as if there is

PETER WRIGHT CASE : LIKELY PUBLICATION OF THE BOOK IN THE UNITED STATES

virtually no hope of an injunction - and many risks attached to such a course

N.L.W. 21-5.

I have seen a copy of Mr Wicks's letter of today and I note that you have asked for further consideration to be given urgently to the possibility of persuading a court to grant an injunction against Pearson plc UK on the basis that it should use its "best endeavours" to prevent publication by the US subsidiaries.

I have discussed this matter further with Mr Mummery. He believes that a court might be persuaded to grant such an injunction, although it would be unusual. He estimates our chances of obtaining an injunction at less than evens. I agree.

An application for an injunction would, however, entail certain difficulties. First, you will note that the part of Mr Mummery's advice which Mr Wicks quoted in his letter concerns only the narrow legal question of a parent company's control over its subsidiaries. Before deciding on any application for an injunction it would be necessary to take into account the difficult matter of extra-territoriality which is adverted to on page 2 of the Note of Conference with Mr Mummery and in paragraph 8(b) of OD(DIS)(87)36. This is something on which I have made numerous speeches both here and in the United States. An application against Pearson plc UK would undoubtedly be used against us by the Americans. It could be a bad precedent.

Second, there are the problems of enforcing a court order against Pearson plc UK to use its "best endeavours". Should publication occur in the United States despite our obtaining such an order we would have to consider whether there was a case for bringing contempt proceedings against Pearson plc UK, and for such proceedings to be successful we would have the difficult task of showing that the company had not used its "best endeavours" to prevent publication.

Third, I am assuming that you would not wish to move for an injunction until it was clear that the approach to Lord Blakenham had failed. I understand that the Treasury Solicitor has written today to Lord Blakenham. To proceed for an injunction while Lord Blakenham was still considering that letter could prejudice the success of the Treasury Solicitor's approach to him and might even precipitate publication.

I am copying this to the members of OD(DIS), to the Lord Advocate and to Sir Robert Armstrong.

M.H.

21 May 1987

PM87

CONFIDENTIAL

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

21 May 1987

Dear Philip,

PETER WRIGHT CASE: LIKELY PUBLICATION OF THE BOOK IN THE UNITED STATES (OD(DIS)(87)36)

The Prime Minister has seen the comments on this paper from the Attorney General, Home Secretary, Foreign Secretary, Lord President, and the Secretary of State for Defence.

The Prime Minister agrees that the Treasury Solicitor should send to Lord Blakenham the draft letter attached to the OD(DIS) paper, subject to the following redraft of the last paragraph which the Treasury Solicitor has suggested in consultation with Treasury Counsel:

> "You said that your legal advice is that there is nothing effective that you can do to prevent the publication of the book in the United States. I wonder if you could indicate the basis of that advice in the light of the facts which are that Pearson Inc. is a wholly-owned subsidiary of your company and Viking Penguin Inc. is a wholly-owned subsidiary of Pearson Inc. It is difficult to conceive how the power which your company has to remove the directors of the US subsidiaries is not 'effective'."

The Prime Minister is still not convinced that the chances of stopping publication of the Wright manuscript in the United States are too remote to justify action. She has noted in particular the reference in the last paragraph on page 3 of Mr. Mummery's opinion, attached to the Attorney General's minute, that:

> "... a court might be persuaded to grant an injunction against Pearson plc UK on the basis that it was in fact unlikely that the directors of the US subsidiaries would, under risk of removal act contrary to a direction issued by the UK holding company consequent on an order of the English Court that Pearson UK should use its "best endeavours" to prevent publication by the US subsidiaries. An injunction in this watered down form would be difficult to police and enforce, but might in practice have the desired effect of persuading the US companies not to publish".

She would like further consideration to be given urgently to the possibility of persuading a Court to grant an injuction along the lines described by Mr. Mummery. She would also wish to know that our US Counsel has confirmed his advice. She believes too that before concluding that action to prevent publication in the US is not justified, we should see Lord Blakenham's reply to the Treasury Solicitor's letter and have confirmation that nothing emerging from the US Government's consideration of the SIGINT aspect suggests that the UK Government would have a course of action in the US courts. (In this connection, you should know that the Prime Minister is aware that for the sort of reasons indicated in paragraph 3 of the Attorney General's minute, any attempt by the US Government to prevent the publication of the SIGINT references in the Wright manuscript are of two-edged value for us. The United States Government's objections, which relate to the contents of the manuscript, do not help, and might be counter-productive to, our claim to an insider's life-long duty of confidentiality.)

The Prime Minister has noted that the Foreign Secretary and the Home Secretary agree with her conclusion that there is no present reason for referring the Wright book to the DPP. She agrees that officials should give further thought on how to defend in public a decision not to refer the book.

The Prime Minister agrees too that directly the election is concluded, Ministers will need to discuss further the public presentation of any possible publication of the Wright manuscript in the United States.

I am sending a copy of this letter to the Private Secretaries to members of OD(DIS), Sir Robert Armstrong, John Bailey (Treasury Solicitor) and Mr. Mallaby and Mr. Dinwiddy.

Yours ever,
Nigel Wicks

N. L. WICKS

Philip Mawer, Esq.,
Home Office

CONFIDENTIAL

PRIME MINISTER

PETER WRIGHT CASE: LIKELY PUBLICATION OF THE BOOK IN THE UNITED STATES (OD(DIS)(87)36)

I have sought Ministers' views on the matters raised in this OD(DIS) paper in the light of your comments, summarised in my letter at Flag A. (The OD(DIS) paper and my original submission are attached).

Comments have been received from:

Attorney General	Flag B ✓
Home Secretary	Flag C ✓
Foreign & Commonwealth Secretary	Flag D ✓
Lord President	Flag E ✓
Secretary of State for Defence	Flag F ✓

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THE ONLY IMMEDIATE DECISION: THE LETTER TO LORD BLAKENHAM

The only immediate decision required is whether the Treasury Solicitor should write to Lord Blakenham; and if so, in what terms. There is general agreement that a letter should be sent. The Lord President doubts whether it will elicit a response going much further than reiteration that he, Lord Blakenham, has received legal advice. The Treasury Solicitor,

supported by the Treasury Junior Counsel (Mr. Mummery), suggests that your redraft of the last paragraph of the draft letter to Lord Blakenham, attached to the OD(DIS) paper, might be amended to read:

> "You said that your legal advice is that there is nothing effective that you can do to prevent the publication of the book in the United States. I wonder if you could indicate the basis of that advice in the light of the facts which are that Pearson Inc. is a wholly-owned subsidiary of your company and Viking Penguin Inc. is a wholly-owned subsidiary of Pearson Inc. It is difficult to conceive how the power which your company has to remove the directors of the US subsidiaries is not "effective"."

The Attorney is content with this. Could I draw your attention particularly to the last sentence, which asks, in effect, why Pearson cannot prevent publication by using their shareholder power to remove the Directors of the US subsidiaries. Admittedly, this is a blunt point; but I think it is one which needs to be raised. If the book is published in the US, the Government might be asked the obvious question why Pearsons did not use their shareholder power in this way. Much better to be able to reply that the Government raised this point with Pearsons and (as I expect Pearsons to say) that they were unwilling to do so.

Agree that the letter should be sent to Lord Blakenham subject to the amended last paragraph above? Yes

PROCEEDINGS TO STOP PUBLICATION OF THE BOOK IN THE US

The attachments to the Attorney General's minute explain the conclusion that our courts would be extremely unlikely to grant an injunction against Pearson; and why American counsel has concluded that HMG would not be successful in the US courts. This is the basis of the officials' advice, in paragraph 21b of the OD(DIS) paper, that the chances of

stopping publication in the United States were too remote to justify action. It is also the legal advice referred to in paragraph 17 of the paper which would be the basis of the public statement that ".....the Government's advice had been that legal action to restrain publication in the United States would not succeed." (The NSA's objections to Wright's SIGINT references do not, I think, affect this conclusion: they relate to an action by the US Government, not the UK Government. But this needs to be confirmed.)

You will wish to note the intriguing reference at the end of page 3 of the Treasury Counsel's opinion, to the possibility of persuading a court to grant an injunction against Pearsons PLC UK. Strangely, this possibility, thrown in almost as an afterthought, is not followed through.

I suggest that you say that you still are not satisfied with the conclusion in paragraph 21b of the OD(DIS) paper that the chances of stopping publication in the United States by any of the means discussed in the paper are too remote to justify action. You should say that before coming to any conclusion you want:

a) further consideration of the possibility of persuading a court to grant an injunction on the lines described in the last paragraph on page 3 of the Treasury Counsel's opinion;

b) confirmation by our US Counsel of his advice in writing (which is being sought);

c) confirmation that nothing emerging from the USG's consideration of the SIGINT aspect suggests that the UK Government would have a cause of action in the US courts and

d) consideration of Lord Blakenham's reply to the Treasury Solicitor's letter.

Agree?

PREVENTION OF PUBLICATION OF FUTURE BOOKS

Despite our apparent inability to prevent publication of the Wright book in the US, the Attorney does give some comfort on the second page of his letter about preventing, or making more difficult, future publication of similar books. The sidelined passage in his letter is particularly important. The crucial point is that we should fight hard in each case to prevent publication, not only to stop the publication of the book concerned but to discourage others from publishing; and in cases where we fail to stop publication, we should go for an account of profits to deny authors their ill-gotten gains. The more trouble we cause authors and the higher the legal fees for themselves and their publishers, the greater chances of discouraging future publications.

REFERENCE TO THE DPP

The Foreign Secretary and the Home Secretary agree with your conclusion that there is no present reason for referring the book to the DPP. But both are concerned with the difficulty of presenting such a decision in public. The Foreign Secretary suggests that officials should give further thought on how to defend in public a decision not to refer the book.

Agree officials to give further thought to this aspect?

Yes MS

PUBLIC PRESENTATION

There is no need, at this stage, to take a view on public presentation since no-one believes that publication of the US book is imminent. However, the Home Secretary's and the Foreign Secretary's preliminary view is that if the book is published, Ministers should refuse altogether to comment on Wright's allegations.

In this connection, you commented, against the statement in paragraph 20 of the OD(DIS) paper that Ministers had implied many times that they would comment after the conclusion of the Australian case, that you had not done any more than say we would consider commenting. This has certainly been your line, for example, on 20 November when you said

> "When the case is over, we shall, of course, consider carefully any questions that are put to us in the light of the usual customs and conventions."

However, the Attorney General has said in response to a request for an unambiguous commitment to make a statement on the Wright case

> "All that I can tell the honourable Gentleman is that I am longing for an opportunity to make a statement to the House."

There was also the following exchange with John Morris

> Mr. John Morris: "In the Attorney-General's anxiety to make a statement to the House, do I understand his answer to mean that he clearly and unequivocally is telling the House that, provided he can get over any legal difficulties that may remain after judgment is delivered at first instance in Australia, he will not be thwarted by even the Prime Minister and will make a statement to the House?"
>
> The Attorney-General: "Yes."

However, when the House resumes, there will be a new Attorney General who may take a different view, despite his predecessor's commitment!

The Home Secretary also went rather near promising a statement when he said on 3 December

"My reply to the right hon. Gentleman's questions about that case, therefore, must be that so long as the case remains before the Australian court - despite the right hon. Gentleman's comments, it may be for some time yet - the Government must deny themselves the opportunity to deal faithfully with the extraordinary mass of stories to which the case has given rise. Faced with such a high proportion of nonsense, there are many comments that we should dearly like to make - comments which we may be free to make one day, but because of the continuing case in Australia that day is emphatically not today."

The Home Secretary believes, and I agree, that that does not commit the Government to a full statement after the Wright case.

Obviously, none of this needs to be decided now. As the Home Secretary says, in paragraph vi of his Private Secretary's letter, colleagues need to discuss this further after the Election.

N.L.W.

N.L. WICKS
20 May 1987

BM2BFG

CONFIDENTIAL

F

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-930 7022

MO 23/1V

20th May 1987

Dear Nigel,

PETER WRIGHT CASE: LIKELY PUBLICATION OF THE BOOK IN THE US

The Defence Secretary has seen your letter of earlier today to Philip Mawer and also OD(DIS)(87)36. He has commented that it seems to him illogical to try so hard to prevent publication in Australia and not to try at all in the United States.

As far as the point in your penultimate paragraph is concerned, Mr Younger has not made any public comment on the Wright case.

I am sending copies of this letter to the Private Secretaries to other members of OD(DIS), to Mr Mallaby and Mr Dinwiddy in the Cabinet Office and to Trevor Woolley.

(I C F ANDREWS)
Private Secretary

Nigel Wicks Esq
10 Downing Street

CONFIDENTIAL

E

PRIVY COUNCIL OFFICE
WHITEHALL. LONDON SW1A 2AT

20 May 1987

Dear Nigel

PETER WRIGHT CASE: LIKELY PUBLICATION OF THE BOOK IN THE UNITED STATES (OD(DIS)(87)36

The Lord President has seen the Cabinet paper OD(DIS)(87)36 and your letter of 20 May giving the Prime Minister's preliminary views. He has the following comments.

(i) He thinks it is just about worthwhile sending the proposed letter to Lord Blakenham although he doubts whether it will elicit a response going much further than a reiteration that that is the legal advice he, Lord Blakenham, has recieved.

(ii) He much prefers the Prime Minister's version of the letter.

(iii) He shares the Prime Minister's preliminary views on the remaining questions in the paper.

I am sending a copy of this letter to the Private Secretaries to the members of OD(DIS), and Sir Robert Armstrong, and to Mr Mallaby and Mr Dinwiddy in the Cabinet Office.

Yours sincerely,
Mike Eland.

M J ELAND
Private Secretary

Nigel Wicks Esq

CONFIDENTIAL

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Foreign and Commonwealth Office

London SW1A 2AH

20 May 1987

Dear Nigel,

Peter Wright Case

You asked for the Foreign Secretary's urgent comments on OD(DIS)(87)36 of 19 May enclosing a note by officials on the current state of play in the Peter Wright case and seeking decisions from Ministers on a number of key points.

The Foreign Secretary has no comment on the assessment in the paper of the likely effect of publication in the US on the court cases here and in Australia. He is not sanguine about the chances of stopping publication in the US, but thinks that the assertions of the director of NSA, of which I believe you are aware, should be checked. He agrees that we should proceed as suggested in the paper and that the proposed letter from the Treasury Solicitor to Lord Blakenham is worth sending. He has no difficulty with the amendment proposed by the Prime Minister. He also agrees with the proposed line on continuing action in the Courts in England and Australia in paragraph 17.

The most difficult questions are clearly what to do about the proposed reference to the DPP, and what public line the Government should take on Wright's allegations in the event of there being publicity here as a result of the publication of the book in the US. The Foreign Secretary's instinct is that it would be best to avoid reference to the DPP. This would be consistent with our own refusal to refer the alleged plot against Mr Wilson's government to a special investigation, and with his own original disposition not to refer the Wright manuscript to the DPP. We departed from the latter position only because Australian Counsel thought it might help in the court proceedings.

On the other hand he recognises that our change of position on reference to the DPP will probably be noticed, and will not be easy to explain. He considers that further thought should be given by officials on how to defend this line in public. Subject to satisfaction on this he would be disposed to resist reference to the DPP.

/As

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As regards what to say in public about Wright's allegations, the Foreign Secretary agrees with the Prime Minister that the line suggested in paragraph 20 of the paper of refusing to comment is the right one and is consistent with the line we have traditionally taken on such questions in the past. He recognises that there is a possible conflict here with what has been said in the past about possible statements after the court cases have ended but believes that this can be dealt with, as the paper says, by referring to the statements already made by Ministers concerning a number of the more important allegations in the book.

I am sending copies of this letter to the Private Secretaries to the other members of OD(DIS).

Yours ever,

Tony Galsworthy

(A C Galsworthy)
Private Secretary

N L Wicks Esq
10 Downing Street

CONFIDENTIAL

From: THE PRIVATE SECRETARY

CONFIDENTIAL

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SWIH 9AT

20 May 1987

Dear Nigel,

PETER WRIGHT CASE:
LIKELY PUBLICATION OF THE BOOK IN THE UNITED STATES
OD(DIS)(87)36

Thank you for your letter of today's date setting out the Prime Minister's preliminary views on the conclusions reached in paragraph 21 of this paper. The Home Secretary's comments on the issues are as follows:

(i) the question demanding immediate decision is whether to begin action to attempt to stop publication in the USA. The Home Secretary would be opposed to such action unless it was likely to succeed, and the advice we have had so far is that it would fail. Subject, therefore, to the views of the Attorney General, and to any other developments which would alter the advice so far given, he would agree with paragraph 21(b) of the paper;

(ii) there can be no doubt that we must keep under review the consequences of publication in the USA for litigation here and in Australia (paragraph 21(a));

(iii) the Home Secretary sees no reason to disagree with the Prime Minister's conclusions about the proposed letter to Lord Blakenham (paragraph 21(c)). You mentioned that the Treasury Solicitor had proposed an amendment to the Prime Minister's suggested amendment to the draft letter. We have not yet seen this, but I am sure that the Home Secretary will be content if the Prime Minister is;

(iv) the Home Secretary agrees with paragraph 21(d) of the paper, subject to the point made by the Prime Minister;

/(v)

Nigel Wicks, Esq, CBE

(v) the Home Secretary agrees with the Prime Minister's conclusion that there is no present reason for referring the book to the DPP but believes that Ministers might discuss further what reasons could be given publicly for the change in policy if the book is not eventually referred. He believes that a decision must be taken by the time the book is available in the USA because there will then be no obstacle to implementing the original decision to refer. He sees great difficulty in finding the right formula for the public justification but is at present of the view that the book should not be referred (paragraph 22(i));

(vi) the Home Secretary believes that a decision about the final line to take on the allegations could be postponed until the Australian proceedings are over. His preliminary view is that the approach supported by the Prime Minister (ie option 3) may well be the right one but he would like to consider the issue further and discuss with colleagues the likely political pressures for more.

Finally, you asked in your letter whether we could let you know if Ministers had in any way committed themselves to commenting on the Wright book following the conclusion of the Australian case. We know of no statement by the Home Secretary that goes materially beyond the Prime Minister's recollection, but I enclose an extract of remarks by the Home Secretary during the debate on 3 December 1986 on the opposition motion to set up a security services commission, of which you would wish to be aware in this context.

Copies of this letter go to the recipients of yours.

P J C MAWER

11 pm

The Secretary of State for the Home Department (Mr. Douglas Hurd): I beg to move, to leave out from 'House' to the end of the Question and to add instead thereof:

'has full confidence in the present arrangements whereby the Security Service is responsible to Ministers.'

The right hon. Member for Plymouth, Devonport (Dr. Owen) has called for a special commission to oversee what he has described as the security services. Although we do not accept his proposal, it is entirely reasonable that it should be made, as it has been in the past and no doubt will be in the future. Having listened to the right hon. Gentleman, I cannot say that I am much clearer as to what he envisages the proposed body doing and what it might actually achieve, but there may be other occasions on which that can be discussed in greater detail.

The right hon. Gentleman acknowledged that the timing of his motion had a lot to do with the present case in Australia. I wish to deal seriously with the underlying points that he made because they deserve to be taken seriously, but the House will appreciate that I cannot enter into argument about the progress of the case in Australia. Every Home Secretary, like every Prime Minister, works under the general constraint that we do not answer questions, however important, about the work of the Security Service. That is not new — it reflects the accepted practice of successive Governments. More rticularly, we cannot answer questions currently being cussed in the court case in Australia.

You, Mr. Speaker, have ruled that these proceedings do not rate as sub judice in terms of the rules of the House, but it is absolutely clear that the Government are sub judice in that we are under the judge in Australia as plaintiff in his court. There can thus be no doubt that any answers or observations given in the House could be seen by the Australian court as an attempt to influence it or to interfere with the judicial process there. My reply to the right hon. Gentleman's questions about that case, therefore, must be that so long as the case remains before the Australian court — despite the right hon. Gentleman's comments, it may be for some time yet— the Government must deny themselves the opportunity to deal faithfully with the extraordinary mass of stories to which the case has given rise. Faced with such a high proportion of nonsense, there are many comments that we should dearly like to make—comments which we may be free to make one day, but because of the continuing case in Australia that day is emphatically not today.

Mr. David Winnick (Walsall, North): Even if I do not agree with the Home Secretary's comments about the case in Australia, the Case in Ireland is certainly no longer sub judice. What purpose was served by trying to ban a book explaining events which took place during the last war, more than 40 years ago? Do not the Home Secretary and the Attorney-General realise how farcical it seemed to many people in Britain? Personally, I am very pleased at the decision reached by the Dublin court.

Mr. Hurd: My right hon. and learned Friend the Attorney-General has made clear the basis on which that injunction was sought, which was exactly the same basis —the principle of confidentiality—as led to the action in Australia.

Mr. Tony Benn (Chesterfield): What national interest is served by concealing from Parliament and the public the knowledge that the Prime Minister of the day, then Harold Wilson, had his offices and telephones intercepted and his homes burgled by the security services which were supposed to be accountable to him? What public interest makes it necessary to conceal that fact, which emerges in Mr. Wright's book and bears on the central question of whether the security services are under ministerial control?

Mr. Hurd: That was directly dealt with by the Prime Minister of the day, the right hon. Member for Cardiff, South and Penarth (Mr. Callaghan), and I understand that further comments are to be made by the former Home Secretary, the right hon. Member for Glasgow, Hillhead (Mr. Jenkins).

If my right hon. Friend the Leader of the House has anything to add he will be able to do so when he winds up. [HON. MEMBERS: "That is passing the buck."] The matter was thoroughly dealt with by those responsible at the time.

The right hon. Member for Devonport accepts, as all serious people must accept, the need for a Security Service to help protect Britain. I sometimes become a little weary of those worldly-wise but ignorant people who argue that Britain no longer has any secrets to protect and therefore no longer needs a Security Service. There remains a considerable risk of espionage. Moreover — this must always be in the mind of any Home Secretary — the threat of domestic and international terrorism is greater than ever before. The Security Service is an essential part of the means whereby we seek to protect the British people from terrorism. Through force of circumstances, far from declining, that role has substantially increased. Still following the right hon. Gentleman's argument, the Security Service must be secretive to be effective. We shall not prevent arms going to the IRA or identify terrorists in this country, and, crucially, our friends and allies around the world will not give us secret information of their own which may be necessary for our protection, if the Security Service is not properly and effectively secretive about operational matters. The Security Service is not an ornament — it is a crucial means of protecting and defending our citizens and their freedom.

If it is necessary, legitimate and, indeed, fundamental for the Security Service to preserve a proper secrecy about its methods of operation or about the procedures and people from whom it obtains information, something else that is important follows from that. There must be a binding obligation on members of the security service— not just for the period when they are in the service but for the rest of their lives — not to disclose what was entrusted to them on a confidential basis. We are talking here not about some narrow concept of the employer's interest but about something wider—the interests of the nation as a whole, which may be damaged if a person breaks the confidentiality by which he knew that the was bound for ever when he took up the employment. This principle of course, as the Prime Minister and my right hon. and learned Friend the Attorney-General made clear, lies at the heart of our proceedings against Mr. Wright. That is the only comment I can make today about the case. In real life and in common sense, there is a distinction between books written entirely by outsiders and books written by members or former members of the Security Service who, by overtly providing their own information, give it an appearance of authenticity that no outsider can

20. V.

CONFIDENTIAL

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Redact Lapham ??
+ para 2 ??

PRIME MINISTER

PETER WRIGHT CASE : LIKELY PUBLICATION OF THE BOOK IN THE UNITED STATES

You have commented on several matters arising from the Note by officials on the likely publication of the Wright book in the United States. In response I am enclosing a copy of a Note signed today by John Mummery, First Junior Treasury Counsel, Chancery, which concludes that our courts would be extremely unlikely to grant an injunction against Pearson plc to force it to restrain publication in the United States by Viking Penguin Inc. John Mummery endorses his advice previously given and incorporated in the Note by officials and adds a supplementary note to deal with the question raised about Pearson's powers of control over Viking. I agree with what John Mummery says.

I also enclose a copy of a letter of 8 May in which the Treasury Solicitor records the advice of Anthony Lapham as to the possibility of action in the United States. Mr Lapham is a former Counsel-General for the CIA. He is now in private practice, working in a Washington DC law firm. When Counsel-General he was involved in the Snepp case, the leading American case in this field. Snepp was a CIA operative who wanted to publish information in breach of his duty of secrecy contract. Although the courts refused an injunction, the US Government ultimately obtained an account of profits.

You will wish to note in particular the last sentence of the paragraph on the second page of the Treasury Solicitor's letter beginning with the word "Attempt". It is not impossible that in certain limited circumstances the US Government would be able to take action to prevent the publication of particular information in a manuscript. This is not something which is probably of great significance in the context of the Wright book, where we are defending an issue of principle. Whilst an application by the US Government might assist in delaying publication of the book for some time, it could ultimately only lead to the excision of parts of the book and the result of that could prove counter-productive by making it more difficult for us to attack the contents of the book as a whole.

protect?

The Treasury Solicitor has already asked Mr Lapham to confirm in writing that he agrees with the record of his advice contained in the letter of 8 May. Mr Lapham has also been asked whether there is anything he would wish to add to that advice.

You ask whether, if we cannot prevent the publication of the Wright book in the United States, other books can be published there just as easily. We have always known that it is extremely difficult to stop publications in other countries, but it does not necessarily follow that we are powerless to stop them, even in places such as the United States. If the author remains in this country and we are able to obtain an injunction against him before he has been able to sell the rights in the book to any publisher, we have a definite advantage, for the injunction will prevent his selling the rights to any publisher anywhere in the world. Even if he has already sold the rights to a publisher, then, provided that the publisher is in the United Kingdom, an injunction obtained against the publisher will prevent him from assigning the rights to another publisher elsewhere. Where, however, the author has gone abroad or has already sold the rights to a publisher abroad, then we are in difficulties and there are likely to be very few countries where we could initiate effective action to prevent publication.

I should add, too, that where the author remains in this country there is always the possibility of criminal proceedings against him under the Official Secrets Act 1911.

This makes it all the more important to my mind to keep in our thinking two points: first, that if the publication of a book cannot be prevented we should move for an account of profits whenever possible; secondly, that even if publication has occurred abroad we should always attempt to deny the lucrative home market to persons who wish to publish books in breach of their duty of confidence.

I am copying this minute to the members of OD(DIS), to the Lord Advocate and to Sir Robert Armstrong.

M H

20 May 1987

NOTE OF ADVICE OBTAINED IN CONFERENCE FROM MR JOHN MUMMERY

(c) Legal Action in England against Pearson for

(i) An injunction

The advice of First Junior Treasury Counsel, Chancery, Mr John Mummery has been obtained. He advises that we have a cause of action, that our court has jurisdiction, but that a court would be extremely unlikely, in its discretion to grant an injunction. The reason for the court's reluctance would be that the basis of an action would rest on the fact that Pearson plc UK control Pearson Inc. who in turn control Viking Penguin Inc. The question of control would be a matter of local ie American law. If Pearson plc Uk produced evidence to the effect that they cannot under American law control Viking Penguin Inc. it is unlikely that we would be able to contradict that evidence. We have obtained a copy of the Articles of Association of Viking Penguin Inc. The powers of their directors do not appear to be limited, save to the extent that a quorum necessary for the transaction of business shall be five directors of which two must be directors of the Penguin Publishing Company Limited. It follows that any decision to publish taken by a quorum may be a lawful decision in American law. Under English law Boards of Directors of wholly-owned subsidiaries can act independently, the only form of control being their ultimate removal by the parent company. (But see supplementary note below).

Consideration has been given to the issue of proceedings both against Pearson plc UK and then seeking to add the American subsidiary as a necessary and proper party. It is not thought that such a tactic would ultimately be successful for two reasons. First, the court would, in the exercise of its discretion, be unlikely to allow us to do better against the American subsidiary in this jurisdiction than we would in America. This in fact applies to proceedings against Pearson plc UK and its American subsidiary. Second, even if an injunction could be obtained it would be difficult to enforce because of the absence of assets here and the absence of persons in control.

Other matters relevant to action involving Pearson plc UK are as follows:

(1) Any action would have to be on notice, with the risk that this would have the effect of hastening publication.

(2) Action here would invite the comment from the court as to why we had not proceeded in America and a comparison, with our decision to proceed in Australia, unfavourable to us will be drawn.

(3) It would be possible to issue a writ without proceeding for an injunction but again this is likely to have the effect of hastening publication to beat an injunction.

(4) To take action in this jurisdiction with a view to affecting the commercial conduct of an American company in America has far-reaching commercial and diplomatic consequences viz the aviation industry.

Finally, Counsel advised that in his view our best chance of avoiding publication in the United States was to maintain the correspondence with Lord Blakenham. He warned, however, that any request to postpone publication was capable of being interpreted as authority to publish.

(ii) An Account for Profits

For us to obtain an account for profits it would be necessary self-evidently to be able to identify profits in the hands of Pearson plc UK which would be exceedingly difficult and also to have a cause of action against them.

Pearson plc UK would not have induced the breach of confidence by Wright and would merely be profiting from the publication by their subsidiary over whom, as states above, they have no control. The mere receipt of profits without publication by them,

even, in the knowledge of the breach of confidence may not be sufficient to sustain a cause of action. Further, we are unsure as to the identity of the person or company from whom Viking acquired the rights in 1985. Thus, even to prove inducement by the subsidiary would be difficult.

SUPPLEMENTARY NOTE

In the absence of very special circumstances a subsidiary company is not regarded as an agent of its holding company and a holding company is not legally liable for the acts or omissions of its subsidiaries.

The fact that Pearson plc UK can ultimately control Pearson Inc. and Viking Penguin Inc. by removal of their directors does not of itself constitute control sufficient for the purpose of obtaining an effective injunction against Pearson plc UK to prevent publication in the USA. It would be difficult to persuade an English Court to grant an injunction against Pearson plc UK to restrain them from committing an act which would not be a breach of the injunction by Pearson UK. The English Courts are unlikely to regard an injunction restraining publication as broken by Pearson plc UK if all that they do is to refrain from going to the lengths of exercising their ultimate power as shareholder in general meeting to remove all the directors of both companies in order to reverse a decision which those companies had, through their boards of directors, been entitled to make independent of reference to the shareholders.

Although this is the strict legal position, a court might be persuaded to grant an injunction against Pearson plc UK on the basis that it was in fact unlikely that the directors of the U.S. subsidiaries would, under risk of removal act contrary to a direction issued by the UK holding company consequent on an order of the English Court that Pearson UK should use its "best endeavours" to prevent publication by the US subsidiaries. An injunction in this watered down form would be difficult to police and enforce, but might in practice have the desired effect of persuading the US companies not to publish.

Signed John Mummery
Lincoln's Inn
20 May 1987

CONFIDENTIAL

400/85/145

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Queen Anne's Chambers
28 Broadway London SW1H 9JS
Telephone 01-210 3050

8th May 1987

J B Bailey CB

Our reference

Your reference

C L G Mallaby Esq CMG
Cabinet Office
70 Whitehall
London SW1A 2AS

Dear Christopher,

PETER WRIGHT

At Bruce Dinwiddy's request I have spoken to Anthony Lapham, of Shea and Gardner, a Washington DC law firm, who is an ex-General Counsel for the CIA now in private practice about our legal position in relation to "The Washington Post" article on the 3rd May 1987. I asked for answers to the following questions:

1. Could an action for an injunction be brought by HMG to restrain further publication of the Wright manuscript by "The Washington Post"?

2. Would it make any difference to his answer if it could be shown that the manuscript had been provided to "The Washington Post" in breach of undertakings given to the Australian Court?

3. What would be the prospects for the success of an action for breach of copyright brought against "The Washington Post" by the owners of that copyright?

4. Could proceedings be brought by HMG against Viking Inc. who, it is understood, own the American rights in "Spycatcher", to prevent publication by them?

His answers were:-

1. In the entire history of the United States there has been only one case in which a successful attempt has been made in the Courts to restrain publication of information by a newspaper. That case was in 1979 and was an action brought by the US Federal Government against a publication known as "The Progressive Magazine" which intended to publish an article about the design concept of the H bomb. The

proceedings were tried at First Instance in a Federal Court and the Government obtained an injunction. An appeal was lodged by the magazine but was not decided because, pending the hearing, a similar article was published in another journal which contained even more information about the same subject matter. The case was abandoned by the Government on the ground that the issue had become "moot" because the information was in the public domain.

Attempts were made by the US Government to prevent publication of 'The Pentagon Papers' in the early 1970s. That was a strong case and cogent evidence was adduced of the harm that would be done to the good government of the US if the papers were published. Notwithstanding the very clear 'public interest' in non-publication, the Government lost the case before the Supreme Court (where the Justices expressed six different opinions). Mr Lapham's conclusion is that it is virtually impossible to obtain injunctions restraining publication however important it may be to seek to do so in the public interest. The only occasion on which an injunction might be obtained would be, for instance, in time of war to prevent the publication of the times of sailing of warships or other similar information of current operational significance.

2. Notwithstanding the undertakings given to the Australian Court, the chances of success of restraining "The Washington Post" from publishing "Spycatcher" are, virtually, non-existent. It is by no means clear that anyone has breached an undertaking - one may not be able to trace the provision of the manuscript back to a breach of the undertakings because that could have occurred before they existed. Even it if could be proved it would not, necessarily, make any difference to Mr Lapham's view because the First Amendment to the US Constitution stands in the way of such an application and gives newspapers almost untrammelled freedom to publish, whatever decisions in the same context might be reached by Courts in other jurisdictions.

3. While Mr Lapham is not an expert in relation to the law of copyright and he feels "uncomfortable" in giving advice in that field of law, his view is that there would be no automatic impediment to such an action by Viking Inc. as there would be if it was proposed that the Plaintiff should be HMG. Nevertheless, it is not clear whether "The Washington Post" intends to make further use of the manuscript in its possession and that imminent threat is the sine qua non of an infringement action. Again, one

can do quite a lot with copyright material without infringing the right of the owner. Thus there is doubt about whether such an action is likely to succeed and the letter which it is believed has been sent by Viking to the newspaper is, presumably, intended to overcome the first hurdle above-mentioned.

4. See 1 above.

I am copying this letter to Jim Nursaw, Michael Saunders, and Bernard Sheldon.

Yours ever,

J B Bailey

CONFIDENTIAL

Queen Anne's Chambers
28 Broadway London SW1H 9JS
Telephone 01-210 3050

J B Bailey CB

20th May 1987

Our reference

Your reference

N L Wicks Esq
Principal Private Secretary
No. 10 Downing Street
London SW1A 2AA

Dear Nigel.

PETER WRIGHT CASE: LIKELY PUBLICATION OF THE BOOK IN THE UNITED STATES
OD(DIS)(87)36

I refer to your letter to Philip Mawer and to the rewording of the last paragraph of the draft letter to Lord Blakenham which the Prime Minister has rephrased.

I have been looking at this again and I have discussed it with Treasury Junior Counsel. It seems to us that the following would not be tactless and adds a little to both the original draft and the Prime Ministers redraft:-

> "You said that your legal advice is that there is nothing effective that you can do to prevent the publication of the book in the United States. I wonder if you could indicate the basis of that advice in the light of the facts which are that Pearson Inc. is a wholly-owned subsidiary of your company and Viking Penguin Inc. is a wholly-owned subsidiary of Pearson Inc. It is difficult to conceive how the power which your company has to remove the directors of the US subsidiaries is not "effective".

I am copying this letter to Philip Mawer and to Michael Saunders.

Yours sincerely,
John Bailey

J B Bailey

LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

M.L. SAUNDERS
LEGAL SECRETARY

CONFIDENTIAL

N L Wicks Esq.
Principal Private Secretary
Prime Minister's Office
10 Downing Street
London SW1A 2AA

20 May 1987

Dear Nigel.

PETER WRIGHT CASE: LIKELY PUBLICATION OF THE BOOK IN THE UNITED STATES - OD(DIS)(87)36

In your letter to Philip Mawer of today's date, you asked Private Offices to let you know whether their Ministers have made any more definite comment than that made by the Prime Minister in relation to commenting on the Wright case after the conclusion of the proceedings. I am enclosing copies of Oral Answers given by the Attorney General on 12 January, 2 February and 16 March. I have side-lined the relevant passages.

Yours sincerely
Richard Saunders ..

M L Saunders

CONFIDENTIAL

ATTORNEY-GENERAL

State Security

28. **Mr. Janner** asked the Attorney-General when he next expects to meet the Director of Public Prosecutions to discuss progress with the consideration of possible prosecutions under section 2 of the Official Secrets Act in the eight currently outstanding cases.

The Attorney-General (Sir Michael Havers): I expect to meet the Director of Public Prosecutions shortly and to discuss with him such matters as appear at that time to be appropriate.

Mr. Janner: May I say how pleased we are to welcome back the Attorney-General in good health?

Is the right hon. and learned Gentleman considering the lessons to be learnt from the catastrophic mishandling of the Wright case in Australia? As a result will he make any further prosecutions under section 2 of the Official Secrets Act? Which of the eight are to be prosecuted and, if any, do they include Nigel West, alias Allason, who is a prospective Conservative candidate?

The Attorney-General: I am grateful to the hon. and learned Gentleman for his kind remarks which I greatly appreciate.

I do not accept that the case in Australia was a catastrophic disaster. It concerned a principle which we are maintaining and we were right to do so. Of the eight outstanding cases, two have been convicted, two have been dropped and the rest are awaiting final consideration. I have already dealt with the decisions on the others.

Mr. Forth: Does my right hon. and learned Friend appreciate how much support there is for the principle that those who have signed the Official Secrets Act and then break it, particularly for personal gain, should be pursued and prosecuted, and that anything that he and his Department do in that connection in the future will have wide support on this side of the House?

The Attorney-General: I am grateful to my hon. Friend. That in a nutshell is the principle behind the case.

Mr. Foot: If that is true, as it is alleged in some of the reports about what is in Mr. Wright's book, that people from MI5 were engaged in some sort of conspiracy against the elected Government of the United Kingdom, does the Attorney-General think that that, too, is a matter of principle? What steps has he taken to ensure that that is properly investigated?

The Attorney-General: I think I can refer the right hon. Gentleman most conveniently to the answer of the then Prime Minister when he addressed the subject.

Mr. Rippon: Most right hon. and hon. Gentlemen will welcome what my right hon. and learned Friend has just said. Does he agree that the operations of the secret service must remain secret and that they involve a lifelong duty of trust?

The Attorney-General: I agree entirely with my right hon. and learned Friend. I am surprised that so many Opposition Members seem unable to accept that principle.

Mr. John Morris: I too, wholeheartedly welcome the Attorney-General back to his place in the House.

What is the prime consideration in relation to prosecutions? Is it damage to national security or is it political embarrassment? Does the Attorney-General maintain consistency in his approach to Miss Tisdall and Mr. Ponting and to others such as Mr. West, Mr. Pincher, Lord Rothschild and the security men who may have leaked information to those people? Has not section 2 of the Official Secrets Act been virtually put out to grass and replaced in practical terms as a damage limitation exercise by actions for breach of confidentiality?

The Attorney-General: I thank the right hon. and learned Gentleman for his kind remarks. He was using the word prosecutions. This is not the first time during my questions. In fact, the proceedings in Australia are civil proceedings. There is no way in which we can prosecute under the Official Secrets Act in another country. With regard to the action in Australia the principle has been brought out clearly today that it is the Government's determination to establish that once a man joins a service in which he promises to keep secret for the rest of his life all that he finds, that principle should be upheld.

Mr. Mates: For the benefit of the right hon. and learned Member for Aberavon (Mr. Morris), will my right hon. and learned Friend reinforce the point that whether or not a matter is politically embarrassing the fundamental principle to be observed is that if a person breaches trust he must be pursued by any Government as far as it is legally possible to do so?

The Attorney-General: It would be impossible for the intelligence services to carry on their business and to maintain the confidence of other intelligence services if that principle was not upheld.

State Security

29. **Mr. Dalyell** asked the Attorney-General if he has yet reached any decision as to whether to prosecute Lord Rothschild in relation to alleged offences under the Official Secrets Act.

The Attorney-General: The police investigation to which the Solicitor-General referred on 6 February is as yet incomplete.

Mr. Dalyell: Before appealing in Australia, would it not be wise to find out what on earth induced Victor Rothschild to pay money for Peter Wright to come here and to introduce him to Chapman Pincher? As I suggested in an Adjournment debate on 6 February, is there not some selectivity in prosecution policy? Why go for Wright and not for Victor Rothschild?

The Attorney-General: I have made it clear that there is no question of any decision being taken about Lord Rothschild. The police inquiry is not complete and the Director of Public Prosecutions has no report. With regard to the case in Australia, the hon. Gentleman again fails to distinguish between insider and outsider books.

Mr. Mark Carlisle: Is not the answer to the selectivity issue raised by the right hon. and learned Member for Aberavon (Mr. Morris) the fact that neither Mr. Chapman Pincher nor Mr. Nigel West are subject to the Official Secrets Act and thus cannot be prosecuted under it?

The Attorney-General: With one reservation, my right hon. and learned Friend is right. A person who directly repeats information from someone bound by the Act could himself be liable.

Wright Court Case

30. **Mr. Winnick** asked the Attorney-General if he is now in a position to make a statement on the Wright court case in Australia.

The Attorney-General: With permission, I shall answer this at the end of Question Time.

High Court Judges

31. **Mr. Madden** asked the Attorney-General what criteria the Lord Chancellor uses in recommending the appointment of High Court judges.

The Solicitor-General (Sir Patrick Mayhew): High Court judges are appointed by the Queen on the recommendation of the Lord Chancellor. The statutory qualification is to be a barrister of 10 years' standing, but those appointed are usually of more senior standing than that. The criteria for selection are judicial potential, ability, experience, reputation and personal integrity.

Mr. Madden: Can the Solicitor-General, from his personal recollection, think of anyone who has been promoted in one go from registrar to High Court judge?

The Solicitor-General: I can think of one — or, at least, I have been prompted of one. It is unusual, but there is one. To make a general response to the question, I believe that the reputation of our judiciary is unsurpassed throughout the world. Where the constitution appears to be working well, on the whole I am averse to changing it.

Mr. Stokes: Is my right hon. and learned Friend aware that most people in this country, unlike some Opposition Members, regard our judges in the highest light? They look to them as protection against arbitrary power and they want no changes in their appointment and certainly no political mucking about with what they do.

The Solicitor-General: As usual, my hon. Friend speaks with the good sense that characterises the opinion of the vase majority of people in Britain.

Mr. Skinner: Has the Solicitor-General seen the recent remarks of Judge Argyle, who last week addressed a meeting and said that those who are found guilty of crimes which result in sentences of more than 15 years should be hung — [HON. MEMBERS: "Hanged."] Hanged: it is the same argument. He also said that there are 5 million illegal immigrants in Britain. How did he manage to become a judge? Who was responsible for giving him the job? Why is it that the Government can cast aspersions on the Australian judge, yet this one seemingly attracts no comments from the Attorney-General and his mates?

The Solicitor-General: The advantage of having an independent judiciary is that its members are responsible for their own opinions, if they are correctly reported. The Attorney-General is not responsible for anything that is reported to have been said by any judge.

OVERSEAS DEVELOPMENT

Africa

Mr. Norris asked the Secretary of State for Foreign and Commonwealth Affairs what action he is taking to help control the devastation being caused by locusts and other pests in Africa.

The Minister for Overseas Development (Mr. Chris Patten): Last month, I committed over £1·5 million for pesticides, sprayers, vehicles and spares to combat the current desert locust upsurge in eastern Africa. I have agreed to today to provide a further £567,000 for locust and grasshopper control in the Gambia, Mali and Sudan. This is in addition to the £3 million the Government provided last year to help to control locusts and other pests in Africa. We stand ready to provide more help if needed.

Mr. Norris: Does my hon. Friend agree that the locust and grasshopper devastation in central Africa, all the way from Senegal to Djibouti, wreaked untold damage on the fragile economies of those countries? Does he agree that although his news today is welcome, we must do all that we can to combat those serious attacks on the economies of central Africa?

Mr. Patten: I very much agree with my hon. Friend, whose remarks underline the importance of supporting the regional organisations working on the control of locusts. I was pleased to visit the desert locust control organisation a couple of weeks ago, which we support and will continue to support.

Mozambique

Mr. Soames asked the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the amount of aid her Majesty's Government will be extending to Mozambique in 1988-789.

Mr. Chris Patten: We expect to maintain a substantial aid programme to Mozambique in 1988-89. Figures will be announced in due course in the usual way. We shall also remain ready to contribute food aid and emergency relief.

Mr. Soames: Although I congratulate my hon. Friend on the imaginative programme that he has introduced for Mozambique, does he agree that Britain has some important interests in a stable Mozambique? Will he do all that he can to ensure that if any EEC food surpluses are available for that region, Mozambique should have the first charge upon them?

Mr. Patten: I very much agree with my hon. Friend's first point. I hope that Mozambique will soon agree on a programme with the International Monetary Fund and the World Bank, which we shall support when it happens. As for food aid, I am pleased to be able to tell my hon. Friend that following my visit to Mozambique we immediately raised the question of food aid in Brussels. A further 60,000 tonnes of cereals was agreed by the Commission on 3 March. Much of it will be provided from Zimbabwe.

Mr. Kirkwood: Bearing in mind the fact that economic security cannot exist in the absence of military security, and having regard to the problems of Mozambique at present, do the Government have any plans to increase military aid to the front-line states and to Mozambique in particular?

Mr. Patten: Although the matter is not strictly within my terms of reference, I can confirm that we are helping with the training of the Mozambiquean armed forces and we are also providing battalion unit training for the Zimbabwe army.

Wright Court Case

3.32 pm

The following Question stood upon the Order Paper:

Mr. David Winnick (Walsall, North): to ask the Attorney-General if he is now in a position to make a statement on the Wright court case in Australia.

The Attorney-General (Sir Michael Havers): The principle which the Government are seeking to uphold is clear. Having considered Mr. Justice Powell's judgment and the advice of Australian counsel, the Government have decided to appeal against it. A notice of appeal will be lodged as soon as practicable.

Mr. Winnick: Is the Attorney-General aware that many people believe that it is simply a futher waste of taxpayers' money to pursue the appeal in Australia? Is he aware also that the Opposition are concerned not about the tittle tattle of the memoirs — we all know that Wright is a very embittered individual — but about the need to ensure that there is adequate parliamentary scrutiny of the security services? In view of the allegations that a Labour Government were destabilised—at least at certain stages —by the Security Service, will there be a clear promise that there will be a full judicial inquiry into those allegations?

The Attorney-General: I have no power to give any such undertaking. That is not a matter for me. I remind the House of what the Prime Minister of the day said. He said that, after conducting detailed inquiries, he was satisfied that the allegations about the Security Service

"did not constitute grounds for lack of condifence in the competence and impartiality of the Security Service or for instituting a special inquiry."

Mr. Ivan Lawrence (Burton): Does my right hon. and learned Friend agree that if the Government had done nothing to try to stop those who are entrusted with the nation's secrets from betraying those secrets for money they would have been subject to the accusation of having shown the grossest irresponsibility? Do we in this country not have reason to believe that a system of justice founded upon our system will uphold the principle of confidentiality?

The Attorney-General: Those are certainly matters that the Ministers concerned took very much into consideration when reaching the decision to start the proceedings in Australia.

Mr. Merlyn Rees (Morley and Leeds, South): May I refer the Attorney-General to the answers that he has given twice today about the inquiry that took place in the summer of 1977, in which I played a part? The statement to which he referred, of which I have a copy, reads:

"The Home Secretary, as the Minister to whom the Security Service is responsible, has been closely involved in the enquiries".

We were not inquiring into the allegations that are now made by Wright and by others. We were inquiring into alleged electronic devices at No. 10, and it was on that issue that the then Prime Minister issued his statement, in which I played a part.

None of that information would be provided to the Attorney-General. None of that information would be provided to the Home Secretary of today. None of that would be provided to the Prime Minister. It is a convention — I note that the right hon. and learned Gentleman is nodding in agreement—that none of that information is provided to a later Government. I am satisfied that the information about the Wright allegations and other allegations is not referred to in the inquiry. When Ministers, including the Attorney-General, say that the Prime Minister of the day dealt with it in his statement, I can say that he did not, and neither did I. They are different allegations, and unless an inquiry is set up— this is an exercise by dissident members of MI5 and not a question of national security—I shall get at the root of it whatever happens. The Government had better remember that.

The Attorney-General: I am sure that the right hon. Gentleman would not suggest for a moment, as he has made clear that the Government are seeking to mislead in any way.

Mr. Merlyn Rees *indicated assent*

Mr. Dennis Skinner (Bolsover): Misleading! Come clean to the House.

The Attorney-General: I am grateful to the right hon. Gentleman for his acknowledgement——

Mr. Skinner: Come clean.

Mr. Christopher Soames (Crawley): Shut up.

Mr. Speaker: Order. The hon. Member for Bolsover (Mr. Skinner) must not interrupt like that.

Mr. Skinner: Why do you not mention Bunter, Mr. Speaker? Why do you not get stuck into Bunter, Mr. Speaker?

Mr. Speaker: Order.

The Attorney-General: As the right hon. Member for Morley and Leeds, South (Mr. Rees) has said, we do not have access to any of the papers that were considered by him and the then Prime Minister. I shall, however, ensure that what he has said is drawn to the attention of my right hon. Friend the Home Secretary.

Mr. Geoffrey Rippon (Hexham): I warmly welcome the statement that the Government are to appeal in the Wright case. Many in the House believe that the Government are right so to do and that there is no alternative but to take that course. Does my right hon. and learned Friend agree that if the operations of the secret service must remain secret, the means by which it is controlled must remain the responsibility of the Government of the day and cannot be delegated to any other body?

The Attorney-General: That has been the convention for a very long time. That is why questions about security are usually not allowed by the Table Office. I agree with everything that my right hon. and learned Friend has said.

Dr. David Owen (Plymouth, Devonport): Is the Attorney-General aware that I am sure that both sides of the House agree with the principle that no one who has worked in MI5, either present or retired, should be free to publish what he wishes? The question of accountability of MI5, however, and what appear to be fairly widespread illegal practices are causing great concern. Will the Attorney-General, who is answerable on this issue to the House, explain why he was not involved in the decision not to prosecute Mr. Chapman Pincher six weeks before the book was published? Did that decision relate to the fact

[Dr. David Owen]

that the book had been stolen? Will the Attorney-General tell the House also why no action was taken against Mr. Peter Wright when he appeared on television?

Both those events occurred in Britain, and surely it is better to proceed on that basis than to go on digging a deeper hole, when one is deep enough in it already, down in Australia. Surely we should deal with the issues for which we are responsible and for which the Attorney-General is responsible, which preceded what happened in Australia by a couple of years.

The Attorney-General: I well understand the anxieties that have been expressed by the right hon. Gentleman. I was not consulted, and therefore I am unable to comment on why I was not, and that is clear.

As to the rest of the right hon. Gentleman's question, I am still bound by the obligation that was imposed on me earlier, because this morning I consulted counsel in Australia and was told that I cannot make any full or detailed statement until the appeal is over.

Mr. Jonathan Aitken (Thanet, South): As the confusion over the Wright case seems to be deepening with all these announcements, will my right hon. and learned Friend take note of the view that, by his announcement today, he may be persuing a good principle, but by the wrong method? Instead of spending the best part of £1 million of taxpayers' money on what I fear will be a vain attempt to persuade the Australian courts to uphold Britain's narrow view of the Official Secrets Act, will my right hon. and learned Friend and his advisers concentrate on the higher priority, which is to ensure that all present and future members of the security services are given binding and enforceable contracts of employment, the breach of which makes them clearly liable to damages and loss of their pension rights if they dishonour their obligations of confidentiality?

The Attorney-General: One of the decisions of the learned judge, Mr. Justice Powell, was whether there was an enforceable contract, which almost certainly will be one of the grounds of appeal.

Is this a vain attempt? No, Sir. We do not accept that it is a vain attempt. I would not agree to any appeal unless I felt confident that there was a proper chance of success. That is why we have taken this decision.

Mr. D. N. Campbell-Savours (Workington): Why does the Attorney-General not take up the offer that was repeatedly made by Mr. Turnbull last week, that he was willing to do a deal with the Attorney-General on the content of the book and exclude any material which the Attorney-General felt breached national security, with one proviso, that the material that Wright has produced on the destabilisation of Labour be published? Surely it is in the public interest that that be made available?

Why did the Attorney-General go through his agent, on bended knee, to the judge in the Australian court, insisting that the affidavit of Mr. Wright which dealt with the destabilisation of Labour be taken in secret behind closed doors? Why was that area of his affidavit not made available in the public domain so that the whole world could learn what happened during the mid-1970s?

The Attorney-General: A great deal of the book remains, in the view of Her Majesty's Government, a matter of confidence. On those occasions there was no question of going on bended knee to the judge. On the occasions that it was clear to anybody looking at a passage that it was a matter of confidence, the proceedings were heard in camera. There was no question of having to go on bended knee. I am sorry, but I have forgotten the first point.

Mr. Campbell-Savours: The deal with Turnbull.

The Attorney-General: Again, the hon. Gentleman has failed to understand the principle, which I thought we had repeated so many times that it would be clear to anybody. The principle is that we need to uphold a promise that is made by those employed in the intelligence services that they will not, at any time, disclose anything that they have learnt in confidence. We cannot have a settlement, because if we achieve a settlement we shall be in breach of that principle.

Mr. David Ashby (Leicestershire, North-West): Has my right hon. and learned Friend considered that the reason why the Australian courts take a different view of section 2 of the Official Secrets Act is that they have a Freedom of Information Act, which effectively has replaced the Official Secrets Act? Is that not the direction that we should be taking? Should we not get rid of section 2 and replace it with a Freedom of Information Act that will say what can and cannot be published.

The Attorney-General: Section 2 of the Official Secrets Act played no part in our conduct of this case in Australia. As to the second matter, my hon. Friend will know that in 1979 we sought to improve section 2, but that that proposal did not meet with favour. Ultimately, that must be a question for my right hon. Friend the Home Secretary.

Mr. Willie W. Hamilton (Fife, Central): Is the Attorney-General aware that a large number of people inside and outside the House will regard the Government's decision to appeal as little more than a delaying mechanism to prevent any further discussion of the matter this side of the general election?

Does the right hon. and learned Gentleman recognise that taxpayers' interests are at stake? Can he tell the House the total estimated cost to the taxpayer of this farce? In the light of what has happened to the Liverpool councillors, does the right hon. and learned Gentleman agree that he and the Prime Minister should be surcharged if the appeal fails?

The Attorney-General: The councillors would have been in a much stronger position if they had acted on, instead of against, legal advice.

The hon. Gentleman talks about people outside. For the third time at Question Time I must tell the House that I have received not a single letter from any member of the British public about our taking action in Australia. Perhaps the hon. Gentleman reads something into the issue in which the British public do not believe. I think that they believe in the principle that we accept.

What the hon. Gentleman said about a delaying mechanism is nonsense. I am confident that we have a better than even chance of success. As I said to the right hon. and learned Member for Aberavon (Mr. Morris) on the last occasion when I was able to attend Question Time, I am longing for the opportunity to make that statement, and I still am.

Sir Ian Percival (Southport): Is my right hon. and learned Friend aware that the majority of people in this country understand and support his desire to uphold the principle that, in the interests of national security, secrets are secrets and should not be sold for money by those to whom they are entrusted in the course of their duties?

The Attorney-General: I do not wish to comment myself, but I believe that to be the view of the British public.

Mr. John Morris (Aberavon): Which is the weightiest principle in the Government's mind — failing to recognise inconsistency delaying other cases, or kicking the ball for touch until after the next election?

Who takes the decisions — the Law Officers or the Prime Minister? Alternatively, was it on the Attorney-General's advice that it was decided to sue in Australia as well as in relation to Miss Miller's book in Ireland? Why was the Attorney-General not consulted about the decision not to act in Pincher's case? Was it because the book's proofs were obtained illegally? Having failed to ban such books in Australia and in Ireland, has the right hon. and learned Gentleman considered that even if he were to win in Australia he would fail to ban publication in Ireland or America?

The Attorney-General: The right hon. and learned Gentleman listens too much to gossip. He talks about weighty principles and kicking the ball for touch. That is one way to put it, but I have now told the House not once, but three times, that I am satisfied that our chances of success are sufficient to justify an appeal. There is no question of taking a deliberate political decision in order to get past the next election. This is a ministerial, collective decision on which the Attorney-General advises.

European Community (Steelmaking Capacity)

3.48 pm

Mr. John Smith (Monklands, East)*(by private notice)* asked the Secretary of State for Trade and Industry if he will make a statement on European Commission proposals to reduce steelmaking capacity within the European Community.

The Minister of State, Department of Trade and Industry (Mr. Giles Shaw): The European Commission's view, which is generally shared by the member states, is that substantial excess steelmaking capacity remains in the European Community. This excess capacity is generally estimated to be in the range of 20 million to 25 million tonnes per annum of hot rolled capacity.

Against this background, the European Steel Producers Federation, Eurofer, put forward proposals to the Commission on 1 March for reducing capacity in a number of steelmaking sectors. These proposals were presented to the Commission on 1 March. No capacity reductions from the British Steel Corporation were included in the Eurofer proposals.

At a meeting of the Council of Ministers on Thursday 19 March, which I will attend, the Commission will, I understand, make an oral statement of its views of the Eurofer proposals in relation to the excess capacity in Europe. I shall, of course, be reporting to the House following that Council of Ministers in accordance with normal practice.

Mr. John Smith: Is the Minister aware of the alarm that spread rapidly throughout the British steelmaking communities when news was received of possible proposals by the European Commission to reduce steelmaking capacity, particularly in hot-rolled coil and strip production? Can the Minister give a categorical assurance that the pledge given to maintain the five integrated steel plants will be maintained absolutely until 1988 and that no proposals will be agreed to take effect thereafter or to prejudice decisions for the future?

Is the Minister aware that the United Kingdom has already borne a severe reduction in the steel industry and there is just no room for any more? Can the Minister confirm that no proposals—I believe that he said this in his statement, but it is so important that I hope he will confirm it—to reduce capacity have been made by the British Steel Corporation, through the mechanism of Eurofer, in discussions with the Commission? Will the Minister make clear at the Council of Ministers meeting on Thursday a view that I believe is fairly widespread throughout the House, that the British Government will not agree to any further reduction in steel capacity, particularly in hot-rolled coil and strip production, either now or in the future?

Mr. Shaw: I unequivocally give the right hon. and learned Gentleman the assurance that he wishes in connection with the maintenance of the five integrated plants strategy as agreed in August 1985 and to which the Government are fully committed.

In relation to the Eurofer proposals, I assure the right hon. and learned Gentleman that no step will be taken which in any way prejudices the future of that strategy

Mr. David Mitchell: No, Sir. British Rail has not to date sub[illegible]d an investment proposal, either based on the Ma[illegible] report or not.

Mr. Maclennan: Will the Minister clarify the position, because the Mackay report says that British Rail could put forward a proposal based only on financial considerations, and that a cost-benefit analysis is needed? Will that cost-benefit analysis have to be done by British Rail, or will the Government do it themselves? Will they do it as a matter of urgency, as the cost of constructing a rail bridge in association with a road bridge is much less than if one has to be built subsequently?

Mr. Mitchell: The Mackay consultants report is being considered by the Government, but nothing has yet persuaded us that we should interfere with British Rail's judgment. The expenditure for British Rail will amount to some £12·7 million and the amount of revenue that would be at risk if the Dornoch bridge were not proceeded with for rail connection would be only £120,000 per year. The hon. Gentleman will see that there is a dramatic difference between the outlay and the potential financial saving. The point made by the consultants on the cost benefit is being considered by the Government.

ATTORNEY-GENERAL

State Security

51. **Mr. Dubs** asked the Attorney-General how many prosecutions under the Official Secrets Act there have been since 1979.

52. **Mr. Spearing** asked the Attorney-General if he will make a statement concerning recent consultations he has had with the Director of Public Prosecutions concerning prosecutions under the Official Secrets Act.

54. **Mr. Janner** asked the Attorney-General what recent discussions he has had with the Director of Public Prosecutions concerning cases currently under consideration involving alleged offences under the Official Secrets Act.

The Attorney-General (Sir Michael Havers): Since 1979 there have been 16 prosecutions under section 2 of the Official Secrets Act 1911, including two which were not proceeded with. During the same period, there have been seven prosecutions under section 1, including one which was not proceeded with, and three under section 7 of the 1920 Act. Five cases under section 2 are presently pending before the courts.

The consent of the Attorney-General is required before any prosecution under the Official Secrets Acts may proceed, and this may be granted either on the basis of a written request by the Director of Public Prosecutions, or after a discussion. Recently I met the Director of Public Prosecutions, and we discussed the various cases which are under consideration arising out of the Wright case and its wider aspects.

Mr. Dubs: Does it not seem that in recent years the motive in deciding whether there should be prosecutions under the Official Secrets Act was more to avoid political embarrassment than for any other reason? While I appreciate that, until the Wright case is over, the Attorney-General cannot make a full statement, would it not be right, when the case is completed, for him to make a full and frank statement to the House as to the basis on which future prosecutions under the Act will be carried out?

The Attorney-General: I refer the hon. Gentleman to a list, published, in answer to a question by the hon. Member for Newcastle upon Tyne, East (Mr. Brown), on 15 December last year, which discloses the type of offence. There are too many cases of people who have for money given information that is subject to the Official Secrets Act, such as police officers who have given details of previous criminal offences and things of that kind. I intend to make a full statement the moment that I am able to do so.

Mr. Spearing: Is it not frequently the case that Governments, faced with the publication of unpalatable facts, engineer or promote the leakage of those facts from Select Committee or minority reports of Select Committees, or by other means? Bearing in mind the dual responsibilities of Law Officers of the Crown, political on the one hand and legal on the other, is it not a principle that their legal actions, particularly in matters relating to prosecutions, or lack of action relating to prosecutions, should be, and should be seen to be, wholly on the legal side of their functions?

The Attorney-General: I entirely agree with that. I assure the House that there is no question of a political basis for any decision that I or my right hon. and learned Friend have taken in any case under the Official Secrets Act.

Mr. Janner: Has the Attorney-General considered himself, or discussed with the Director of Public Prosecutions, the workings of this archaic and terrible old Act? For example, has he considered whether or not it would be a breach of the Act for information to be given to the public concerning the horrific dangers arising from the crashes of military convoys, such as that which occurred this weekend, about which public-spirited citizens saw fit to tell the public? Had they not done so, the public would not have known about the crash.

The Attorney-General: The basis upon which I operate was given in an oral answer to the hon. Member for Walsall, North (Mr. Winnick) as far back as 9 April 1984. The hon. and learned Gentleman knows that in appropriate circumstances Ministers themselves can authorise disclosure.

Mr. Aitken: Does my right hon. and learned Friend agree that the Attorney-General of the day is frequently put in a virtually impossible position by the Act? On the one hand the Law Officers have a clear duty to enforce the law; on the other hand, the law is so widely drafted that it is virtually unenforceable without bizarre selectivity in the exercise of the prosecutor's discretion. When my right hon. and learned Friend makes his statement, will he therefore place himself firmly on the side of the reformers of the Official Secrets Act?

The Attorney-General: Inevitably the decisions that I, the Director of Public Prosecutions and my right hon. and learned Friend have to take are sometimes described as political decisions. However, I assure the House that we look at each case entirely wearing our quasi-judicial hats. We are not influenced in any way by the political consequences. Sometimes, as my hon. Friend the Member

Thanet, South (Mr. Aitken) said, one is put in an impossible position. However, we use our discretion and our best judgment.

Mr. Stanbrook: Despite the comparatively wide terms in which the Official Secrets Act is drafted, do not the figures revealed by my right hon. and learned Friend's original reply show that because the consent of the Director of Public Prosecutions is required there is a proper balance between the public interest and the enforcement of the law in every case and that, given the discretion that can be exercised by the Director of Public Prosecutions, and in the absence of any serious suggestions for reform of the Act, the present system is working much better than one might have expected?

The Attorney-General: My hon. Friend must appreciate that it is primarily my decision, but always I am advised by the DPP and in many cases I am also advised by counsel.

Mr. Campbell-Savours: And by the Prime Minister.

The Attorney-General: Certainly not. There is no question——

Mr. Skinner: The Prime Minister's dish cloth.

Mr. Speaker: Order.

The Attorney-General: Now that I have a moment to reply, there is no question, ever, in any single case under the Official Secrets Act or, indeed, in any case involving a criminal prosecution of my having been ordered or directed in any way by the Prime Minister.

Mr. Nicholas Brown: I have no sympathy at all with those who reveal real state secrets, but the ludicrous Australian trial and the Official Secrets Act combined, have not even preserved the Government's dignity in the Wright case. Will the Attorney-General confirm that if Wright were to decide to publish in Ireland, following the Miller case, the chances of successfully preventing publication would be very slight? In the light of that, is the House not entitled to a Government statement on the future of the Official Secrets Act? Once Mr. Justice Powell has announced his decision, will the Attorney-General make a full statement to the House about the Government's handling of the Wright case?

The Attorney-General: On the Australian case, I should have thought that it would be absolutely apparent to the hon. Gentleman that it involves a very important principle, that those who promise to keep quiet for the rest of their lives should keep that promise. It is very interesting that I cannot find a single hon. Member, on either side of the House, who has received a letter complaining about that.

Mr. Alex Carlile: Can the Attorney-General tell the House if any useful purpose is served by prosecuting people who reveal matters of ancient history which can do no possible damage to the state and who, by reason of the threat of prosecution, feel driven to leave the United Kingdom?

The Attorney-General: Let us get the procedure clear. I am surprised that the hon. and learned Gentleman does not appreciate the position. The case in Australia is not a prosecution—it is civil proceedings for an injunction. Whether the person concerned left to go to Tasmania because of the book or for other reasons, I simply do not know. The principle remains, and it is one that we are determined to uphold.

State Security

53. **Mr. Greenway** asked the Attorney-General what is the cost to date to public funds of the case being brought against publication of Mr. Wright's book in Australia; and if he will make a statement.

56. **Mr. Teddy Taylor** asked the Attorney-General what has been the cost to public funds of the action taken against Mr. Peter Wright in the Australian courts; and if he will make a statement.

The Attorney-General: The total cost to public funds to date of the court action in Australia concerning the publication of a book by Mr. Peter Wright, including legal fees paid to date, and fares and subsistence for civil servants, is estimated to be of the order of £170,000.

Mr. Greenway: Even if counsel's fees considerably increased this figure, is not money spent in this way on proceedings against Mr. Wright necessary in order to deter ill-motivated ex-MI5 employees from damaging the security of the nation? Does my right hon. and learned Friend not agree that in future every ex-MI5 employee who breaks the Official Secrets Act should have all pension and emoluments ended forthwith?

The Attorney-General: I agree entirely with the first part of my hon. Friend's question, but the latter part of his question is not a matter for me.

Mr. Teddy Taylor: As there is now quite a lot of public money involved, will the Attorney-General tell us whether the action was taken because Mr. Wright broke the rules of confidentiality or because the material in his proposed publication was considered damaging to national security?

The Attorney-General: The principal purpose of those proceedings is to preserve the principle that those who have promised to keep the secrets do so.

OVERSEAS DEVELOPMENT

Aid Policy

62. **Mr. Chapman** asked the Secretary of State for Foreign and Commonwealth Affairs what proportion of the current overseas aid programme and budget is channelled through multilateral agencies and bilateral government agreements, respectively.

The Minister for Overseas Development (Mr. Chris Patten): In 1985-86, the latest year for which figures are available, Britain's contributions to multilateral aid agencies accounted for 42 per cent. of gross aid programme expenditure, and total bilateral aid for 58 per cent. Bilateral country programmes amounted to 40 per cent. of total expenditure.

Mr. Chapman: I am grateful to my hon. Friend for that information. Can he say whether there has been any change in those proportions in recent years, and will he confirm that, generally speaking, long-term sustained aid projects can be more effectively attained through bilateral Government agreements and that a major role for multilateral agencies should be to assist in providing short-term emergency aid when necessary?

past few years, that the airport is vital to the regeneration of employment and industry in the north-west and that the current strike is economic suicide for the region?

Mr. Spicer: Yes, I agree with my hon. Friend's comments.

Mr. Carter-Jones: Does the Minister accept that it would be a considerable help to Manchester and the regions if he was to have a word with his right hon. Friend the Secretary of State for Trade and Industry and order the A340 Airbus to allow regions such as Manchester to provide aircraft for the long, narrow routes?

Mr. Spicer: The hon. Gentleman is quite right, this is a matter for my right hon. Friend the Secretary of State for Trade and Industry. No doubt my right hon. Friend will have noted what the hon. Gentleman has said.

Mr. Favell: Does my hon. Friend agree that the astonishing increase in passenger transport at Manchester airport shows that the north-west is not on its uppers as the Labour party would have us believe?

Mr. Spicer: Manchester airport's achievements have been remarkable. It is now one of the major airports not only in this country but in Europe.

Mr. Dormand: Does the Minister realise that there are other airports in the northern region besides Manchester and that the greatest needs are at Newcastle and Teesside?

Mr. D. N. Campbell-Savours: And Carlisle.

Mr. Dormand: And Carlisle, as my hon. Friend the Member for Workington (Mr. Campbell-Savours) said. If the Government are serious about narrowing the north-south divide or eliminating it, will the Minister give priority to those three airports?

Mr. Spicer: Newcastle airport, which is closest to the constituency of the hon. Member for Easington (Mr. Dormand), is very successful. Indeed, since 1981 it has received capital allocations of £13 million.

Speed Limits

12. **Mr. Bidwell** asked the Secretary of State for Transport if he will consider introducing a campaign for the strict observance by the public of road speed law.

Mr. Moore: I shall continue to campaign for better road safety, strict observance of speed limits is not necessarily enough. Within the legal limit drivers need to keep to a safe speed for the road conditions.

Mr. Bidwell: Would the Secretary of State and other Ministers agree that there is a dangerous and wanton disregard of existing legal speed limitations? Is it not high time that a campaign was undertaken to make changes? Motorists who try to observe speed limits often feel that they are in a dangerous position with the flow of traffic which is far too excessive at present. At the same time, it is wrong that there should occasionally be punitive police action. There should be a national campaign, and pretty soon.

Mr. Moore: I cannot disagree with the emotion and attitude expressed by the hon. Gentleman. The regular enforcement of the law is obviously a matter for my right hon. Friend the Home Secretary, and I will draw his attention to the hon. Gentleman's remarks. Clearly, strict observance is a key factor in maintaining the level of quality of safety that we would expect on our roads.

Mr. Higgins: May I again press my right hon. Friend to erect 70 mph signs on an experimental basis on some motorways, especially the M25, so that drivers are constantly reminded of the speed limit?

Mr. Moore: Since my right hon. Friend raised this point, I have examined it and am prepared to consider the idea. However, at this stage we are testing the "Keep your distance" signs and we want to consider their effect. However, I am prepared to consider my right hon. Friend's point and I am examining it now.

Channel Tunnel

13. **Mr. Teddy Taylor** asked the Secretary of State for Transport if he will make a statement on the security provisions being planned for the Channel tunnel.

Mr. David Mitchell: This subject is being taken very seriously by the two Governments and the concessionaires. However, for obvious reasons, I cannot make the details public.

Mr. Taylor: Is the Minister aware of the immense public concern at the possibility that the tunnel will be an open invitation for those appalling terrorist groups which seek to draw attention to themselves by committing outrages? How will it be possible for every vehicle to be inspected and X-rayed when, according to the chairman —still—of the Channel Tunnel Group, Lord Pennock, such a machine has not yet been invented?

Mr. Mitchell: Eurotunnel has been proposing various arrangements to the Government, but it will be for the Government to examine those arrangements and to decide whether they are satisfactory.

Mr. Donald Stewart: Does the Minister accept that security should include the safety of the public and that there is much disquiet about the fact that drivers will have to remain with their vehicles and that the tunnel might turn out to be the longest crematorium in the world.

Mr. Mitchell: Safety, is of course, a prime question. There is long experience in Switzerland of drivers remaining wth their vehicles and there being no serious incidents such as the right hon. Gentleman fears.

ATTORNEY-GENERAL

Wright Case

39. **Mr. Dalyell** asked the Attorney-General when he first became aware that Sir Robert Armstrong had offered inaccurate evidence in the Wright case in Australia concerning the Attorney-General's alleged role in deciding whether to proceed against Mr. Chapman Pincher's book "Their Trade is Treachery"; and if he will make a statement.

40. **Mr. Winnick** asked the Attorney-General if he will make a statement on the latest position regarding the Wright case in Australia.

44. **Mr. Nicholas Brown** asked the Attorney-General if he will now make a statement on the Government's handling of the Wright case.

The Attorney-General (Sir Michael Havers): This is a matter at issue in the proceedings in Australia. I must remind the House again that I am the plaintiff in that case and cannot, therefore, comment on it. I have to be careful to avoid the risk of prejudicing the case or, at worst, being in contempt of court in New South Wales. When the proceedings are over, then will be the time to deal with any matters that are outstanding, in the light of the usual customs and conventions. We are awaiting judgment, for which no date has yet been fixed.

Mr. Dalyell: Would it be unkind to the Attorney-General to suggest that it was only after questions were asked and a fuss was made in the House, especially by the Leader of the Opposition on 27 November at column 426, that he took steps to correct a perjury in the Australian court? Nothwithstanding the general issues to which he understandably referred, why did this correction take so long?

The Attorney-General: I think it is right to say that there was no question of perjury, which requires an intentional deception of the court. As for other matters, I am bound by the attitude which the Government have adopted on this.

Mr. Winnick: Does the Attorney-General recognise that an important lesson of the Wright case is that civil liberties should not be undermined by the Administration of the day? Does it not appear that that lesson has not been learnt by the Government, bearing in mind the KGB-like operation against the Glasgow office of the BBC? Does the Attorney-General recognise that this matter——

Mr. Speaker: Order. The hon. Gentleman's question must relate to the main question.

The Attorney-General: I am afraid that I was unable to hear the hon. Gentleman's last few words.

Mr. Winnick: Does the Attorney-General recognise that the importance of the Wright case is that civil liberties should not be undermined by the Government? We need an explanation of what occurred at the weekend, bearing in mind the KGB-like operation against the BBC in Glasgow.

Mr. Speaker: Order. There will be other opportunities to raise that matter. The Attorney-General may answer the first part of the question.

The Attorney-General: On the first part, I should have thought that the hon. Gentleman would have realised by now the principle which the Government are trying to uphold in the court in New South Wales. The second part of the question cannot possibly arise from the main question.

Mr. Nicholas Brown: It would help the House enormously if the Attorney-General would give a clear and unabiguous commitment to make a statement on the Government's conduct of the Wright case as soon as the judgment is announced.

The Attorney-General: There is a problem — I am taking advice on it—as to whether I could comment if the case went to the Court of Appeal. All that I can tell the hon. Gentleman is that I am longing for the opportunity to make a statement to the House.

Mr. Stokes: Is my right hon. and learned Friend aware that although the people of Walsall, North and Newcastle upon Tyne, East may be waiting with bated breath for the news of the Wright case from Australia, no one in my constituency has written to me about it or even mentioned the subject?

The Attorney-General: I thought that I was tempting providence when, in answer to questions three weeks ago, I said that some 70 hon. Members had informed me that they had received no letter. I got no letters from any hon. Member saying that that statement was inaccurate.

Mr. Adley: Has my right hon. and learned Friend noticed that, whether it be obsessive, old MI5 buffoons in Australia or fellow travelling journalists in Britain seeking to undermine national security, there is never any shortage of Opposition Members jumping up to defend them, regardless of the circumstances?

The Attorney-General: It has struck me as curious that, while the Leader of the Opposition has agreed that this could be a serious breach of national security, so many of his hon. Friends take a completely different view.

Mr. Alex Carlile: Does the Attorney-General recognise that, when one puts aside all the personal and political criticism that has arisen from it, the Wright case and other more recent events have given rise to severe public anxiety about the attitude of government, of whatever colour, to secrecy. Will the Attorney-General recommend to his right hon. Friend the Prime Minister that the time has come for a thorough-going and fresh inquiry into the whole subject of secrecy and secrecy legislation?

The Attorney-General: No, I will not. The ordinary British public believe that, when somebody working in one of the security services makes a promise to keep the secrets that he learns in the course of his duties secret for the rest of his life, that promise should be honoured.

Mr. Hickmet: Will my right hon. and learned Friend confirm that much of the evidence that was given in camera in the case in Australia came into the possession of Opposition Members? Will he confirm further that it was used in the House and that the effect was to undermine the Crown's case in Australia? Is he aware of the arrangements that existed between the Leader of the Opposition and his office and Mr. Turnbull, the lawyer acting for Mr. Peter Wright? What effect did the presence of Mr. Paul Greengrass in court in Australia have upon the presentation of the Crown's case and the manner in which it was presented to the Court?

The Attorney-General: It would be quite wrong for me to comment on any proceedings that took place in camera. Perhaps it will be of some consolation to my hon. Friend that, in the end, the facts will speak for themselves.

Mr. John Morris: In the Attorney-General's anxiety to make a statement to the House, do I understand his answer to mean that he clearly and unequivocally is telling the House that, provided he can get over any legal difficulties that may remain after judgment is delivered at first instance in Australia, he will not be thwarted by even the Prime Minister and will make a statement to the House?

The Attorney-General: Yes.

Diplock Courts

41. **Sir John Biggs-Davison** asked the Attorney-General what views he has exchanged with the Attorney-General of the Republic of Ireland, within the framework of the Anglo-Irish Intergovernmental Conference, and also elsewhere, on the constitution and working of the Diplock courts.

The Attorney-General: I am not prepared to disclose the details of matters that I have discussed in confidence with the Attorney-General for the Republic of Ireland.

Sir John Biggs-Davison: In the interests of Anglo-Irish relations, can my right hon. and learned Friend deny that Irish politicians, whom I should not name because of the general election in the Republic, wanted to make the ratification and implementation of the European convention on the suppression of terrorism conditional upon changes in the Diplock courts, which is a matter only for the United Kingdom?

The Attorney-General: I am sorry to have to say to my hon. Friend that it is not a matter for me. I remind him that, in the Second Reading debate, my right hon. Friend the Secretary of State for Northern Ireland said:

"After the most careful consideration, the Government are not presently persuaded that this——"

that is, the three-judge court—

"would be an appropriate change".—[*Official Report*, 16 December 1986; Vol. 107, c. 1081.]

Mr. Heffer: Has the right hon. and learned Gentleman had any discussions with his counterpart in the Republic of Ireland on the basis of the book that was published there and which is not allowed to come to this country, entitled "One Girl's War"? Has he seen a copy of the book and read it? It is absolutely ludicrous. Is the right hon. and learned Gentleman aware that, at one stage, they actually entered Mr. Palme-Dutt's house, looked into the great secret under his bed and discovered that it was his marriage lines?

The Attorney-General: I have had no discussion about the book with my opposite number in the Republic. The other matters to which the hon. Gentleman referred are news to me.

High Court Cases

42. **Mr. Neil Hamilton** asked the Attorney-General if he has any plans to seek to change the speed with which cases come to trial in the Queen's Bench division of the High Court.

The Solicitor-General (Sir Patrick Mayhew): In February 1985 the Lord Chancellor set up a major review of civil justice in England and Wales with the object of bringing about reforms which would reduce the delays in and complexity of civil litigation. The review is expected to be completed by the end of this year.

Mr. Hamilton: I thank my right hon. and learned Friend for his reply. Although the law's delay is a cliché which has been with us for hundreds of years, is my right hon. and learned Friend aware that cases in the Queen's Bench division now seem to take quite insupportable periods of time before they reach court? In my case against the BBC not so long ago we set down the action for trial in November 1984 and we came to court in October 1986. That can hardly be regarded as satisfactory.

The Solicitor-General: I am, indeed, aware, as is my noble Friend the Lord Chancellor, of the very undesirable length of time that is taken for many cases in London to come to court after having been set down. In the provinces there is a much more favourable picture. Cases that are estimated to take a long time to try take longer to come to court. My hon. Friend's case was estimated as a six weeks' trial. In the event it was settled after six days, in circumstances that we remember.

OVERSEAS DEVELOPMENT

Southern Africa (Front-line States)

47. **Mr. Stuart Holland** asked the Secretary of State for Foreign and Commonwealth Affairs whether he intends to increase aid to the front-line states which are members of the Southern African Development Co-ordination Conference; and if he will make a statement.

The Minister for Overseas Development (Mr. Chris Patten): We are already giving substantial bilateral aid to the front line states which are members of the Southern African Development Co-ordination Conference. This amounted to £86 million in the last financial year. We have pledged £25 million so far to SADCC for regional projects. I shall make a statement on our future aid to SADCC at the organisation's annual meeting later this week.

Mr. Holland: We understand that the Minister is going to Mozambique. We hope that he will be able to come back and make commitments to provide assistance to Mozambique, granted the key role that it plays among the SADCC countries. Will he also accept the invitation to the Government from Prime Minister Rajiv Gandhi to join India and other developing countries in financing the Africa fund for the front line states as a short term emergency complement to SADCC's longer term programme? India has pledged $50 million over three years to the Africa fund. How much will the Minister pledge?

Mr. Patten: We think that we can best help both through our bilateral programme, which will be increased for the region in the next financial year, and through our commitments to SADCC—an existing institution that works particularly well. I hope, too, that I shall return and that when I am in Mozambique I shall be able to make additional commitments to our aid programme to that country.

Sir Ian Lloyd: Is it not almost as ludicrous to suggest that sub-Saharan African economies can be developed without proper recognition of the enormous role played by South Africa as it would be to suggest that the continent of North America could be developed without proper recognition of the place of the United States in its development? If, as my hon. Friend doubtless wishes to say, we intend properly to pursue the twin goals of multi-racialism and economic development throughout sub-Saharan Africa, should not those twin goals be supported by Western European and North American resources, wherever they may be found, instead of being confined in some extraordinary and ludicrous way to what is almost indefinable—that is, the boundary of the so-called front line states?

Mr. Patten: I agree with my hon. Friend that the region would develop best if it were able to do so in peace.

P.O.V. PM 8 7

File A SRW
cc John Bailey, TSy Sol

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

20 May 1987

Dear Philip,

PETER WRIGHT CASE: LIKELY PUBLICATION OF THE BOOK IN THE UNITED STATES OD(DIS)(87)36

The Prime Minister would like Ministers' comments during today on the issues raised in this paper so that she can come to a view on its recommendations this evening.

The Prime Minister's preliminary views on the conclusions in paragraph 21 of the paper are as follows:

Paragraph 21a Certainly all the matters in the paper should be kept under review. The Prime Minister believes that some of the decisions do not need to be taken now (unless we are faced with the Wright book's sudden publication). She would be glad to know which of the decisions do really have to be taken straightaway, and which can be left for the time being.

Paragraph 21b Before agreeing with the paper's conclusion that the chances of stopping publication of the Wright book in the United States are too remote to justify action, the Prime Minister would like to have detailed written advice about why we cannot stop this publication in the United States. If we cannot prevent the publication of the Wright book there, surely other books can be published just as easily?

Paragraph 21c She believes that it would be worth sending the letter attached to the paper to Lord Blakenham, but she believes that the last paragraph of the draft might be phrased more tactfully on the following lines:

> You said that your legal advice is that there is nothing effective that you can do to prevent the publication of the book in the United States. I wonder if you could indicate the basis of that advice. Our advisers find it puzzling as Pearson Inc. is a wholly owned subsidiary of your Company and Viking Penguin Inc. is a wholly owned subsidiary of Pearson Inc. Our advisers do not understand therefore why your Company does not have control over the activities of Viking Penguin Inc.

I should be glad to know whether anyone sees difficulty with this revised formulation.

Paragraph 21d Before agreeing with the line in paragraph 17, if Wright's book is published in the United States, the Prime Minister would like to see in writing the legal advice referred to in that paragraph.

Paragraph 22(i) She sees no present reason for referring the book to the DPP.

Paragraph 22(ii) Of the two lines, in paragraphs 19 and 20, if the book is not being referred to the DPP, the third option, referred to in paragraph 20 - refusing altogether to comment on Wright's allegations - coupled with the material in the last sentence of paragraph 19, seems to the Prime Minister to be the better approach. She would be glad to know what colleagues think.

The Prime Minister has commented on the reference in paragraph 20 that "Ministers have implied many times that they would comment after the conclusion of the Australian case on matters at issue in the proceedings". She has commented that she has not done any more than say that we would consider commenting. I should be grateful if Private Offices could let me know whether their Ministers have made any more definite comment.

I am sending a copy of this letter to the Private Secretaries to members of OD(DIS), Sir Robert Armstrong and to Mr. Mallaby and Mr. Dinwiddy (Cabinet Office).

Yours ever,
Nigel Wicks

(N. L. WICKS)

Philip Mawer, Esq.,
Home Office.

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PRIME MINISTER

PETER WRIGHT CASE: LIKELY PUBLICATION OF THE BOOK IN THE UNITED STATES
OD(DIS)(87)36

In normal circumstances, we would have had a meeting on the paper below. I suggest that in this case, you ask Ministers for their comments during tomorrow (Wednesday) so that you can come to decisions tomorrow evening. Agree this procedure?

Meanwhile you may like to give Ministers some steers on the matters raised in the paper, without coming to definite views.

Taking the conclusions in paragraph 21 of the paper:

Paragraph 21a: obviously we need to keep all these matters under review. Yes

Paragraph 21b: you tend to agree with the conclusion that the chances of stopping publication in the United States are too remote to justify action.

Paragraph 21c: Yes, it is worth sending the letter attached to the paper to Lord Blakenham. The letter could be put much more tactfully

Paragraph 21d: Yes, the line in paragraph 17, if Wright's book is published in the United States, is the right one. I should like to see this redrafted.

Paragraph 22(i): You are disinclined to refer the book to the DPP unless that becomes absolutely unavoidable. We are still some way from that position. I see no present reason for referring the book to the DPP.

Paragraph 22(ii): Of the two lines, in paragraphs 19 and 20, if the book is not being referred to the DPP, the third option, referred to in paragraph 20 - refusing altogether to comment on Wright's allegations - coupled with the material in the last sentence of paragraph 19 (which I have side-lined,

about the false statements in Wright's book) seems to be the better approach. Yes

Do you agree that you should give Ministers these steers, while making clear that you want to make up your mind finally in the light of their comments?

The most difficult question is the reference to the DPP. This is not a matter completely in our hands. Anyone can ask the DPP to look into the allegations in the book; and he makes up his own mind, in consultation (I think) with the Law Officers, but not with Government Ministers generally, what to do. The Attorney General may also feel that he has no option but to refer matters to the DPP. There is also the difficulty that we asked the Australian court for permission to use the Wright manuscript for the purpose of referring it to the DPP. That will be difficult to reconcile with any decision now not to refer. Yet, despite these difficulties, there are strong reasons, outlined in paragraphs 14 and 15, for avoiding any reference to the DPP if we can. You will note that the Director General is strongly of the view that in present circumstances reference to the DPP is undesirable.

N.L.W.

By then he would be A-G.

(N. L. WICKS)
19 May 1987

Surely some of these decisions do not need to be taken now (unless faced with sudden publication). But I do feel that we should have a

CONFIDENTIAL further advice about why we can't stop publication in the U.S. If we can't - other books will be published not

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PETER WRIGHT CASE POSSIBLE PUBLICATION IN THE US

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2. (IF ASKED ABOUT GOVERNMENT PRESSURE ON VIKING'S PARENT COMPANY IN THE UK, PEARSON PLC). THE GOVERNMENT HAS NATURALLY BEEN CONCERNED TO ENQUIRE ABOUT VIKING'S INTENTIONS.
3. STRICTLY FOR YOUR OWN INFORMATION YOU SHOULD BE AWARE THAT THE GOVERNMENT IS CONSIDERING WHAT LEGAL STEPS MAY BE OPEN TO IT IN THE UK, THE US AND AUSTRALIA IF VIKING PROCEEDS WITH ITS PLANS. WE WILL KEEP YOU INFORMED.
4. PLEASE REPORT BY TELEGRAM ANY FURTHERPRESS REPORTING OF VIKING PENGUIN'S INTENTIONS (ESPECIALLY THE PROPOSED PUBLICATION DATE) OR THE CONTENTS OF MR WRIGHT'S BOOK.

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PETER WRIGHT CASE

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From: THE PRIVATE SECRETARY

PERSONAL AND CONFIDENTIAL

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SWIH 9AT

14 May 1987

Prime Minister

Officials will advise on this on Monday. I see no problems with the reevaluation at X. You have never said anything which rules out a reference to the DPP if that is what is decided. N.L.W. 15.5

Dear Nigel

The Home Secretary has seen Sir Robert Armstrong's minute to you of 11 May.

He is concerned about the problem stated in paragraph 9. He is sure that Ministers need early advice on how to respond to the contents of Wright's book as the probability of its appearance increases. It has for some time been likely that the book would one day be published somewhere outside the jurisdiction, leading to open quotations in our newspapers.

What complicates the position is that last year the Australian court (and Wright's team) were told that the Government wished to refer the book to the DPP. Should copies of the book become available (from the USA or elsewhere) there will be no obstacle to that reference.

X If there is a reference to the DPP, we need to consider how this squares with the Prime Minister's statement last week that she would not institute a special inquiry into the Wilson business?

If there is not to be a reference to the DPP what explanation could be given for not doing what we said in Australia we wanted to do? And how would Ministers respond to the individual allegations in the book: apart from the allegations about Sir Roger Hollis and the Wilson business, there are a variety of stories which will excite interest and will be said to reveal criminal or other misconduct.

The Home Secretary thinks it important that we should have advice from officials on all these matters.

I am sending copies of this letter to the Private Secretaries to the Lord President and the Foreign and Commonwealth Secretary, to the Legal Secretary to the Law Officers and to Sir Robert Armstrong.

Yours sincerely,

P J C MAWER

N L Wicks, Esq, CBE

PERSONAL AND CONFIDENTIAL

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1

Prime Minister
to see - a further
report is in preparation.
N.L.W.
14.5.

Ref: A087/1360

MR WICKS

Peter Wright Case

attached Thank you for your minute of 13 May about the risk of publication of Wright's book in the United States.

2. The Prime Minister will be kept in the closest touch with developments.

3. My minute of 11 May gave the views of officials after urgent consideration of the news that Wright's book might soon be published in the United States. As noted in paragraph 9 of the minute, officials are now looking in detail at possible moves to prevent publication in the United States. The work is being done urgently, and a report will be submitted very soon. The advice that the chances of success in proceedings against Viking's British parent were remote came from the legal advisers at my meeting of officials.

4. It has been confirmed that Viking Penguin Inc is fully owned by Pearson in this country. The question is whether there are legal arrangements between the parent company and the subsidiary which deprive the former of editorial control over the latter. We are obtaining the articles of association of Viking Penguin Inc, which may answer this question. But I am not hopeful that this will change the assessment of the prospects, because Lord Blakenham, in his letter of 8 May to the Treasury Solicitor, said that his legal advice was that he was not in a position to prevent Viking Penguin Inc from publishing Wright's book; and that legal advice is likely to have taken account of the corporate arrangements

between Pearson and Viking. Definitive views on this matter will be included in the report by officials which is urgently being prepared.

5. I am sending copies of this minute to the Private Secretaries of the Lord President, the Foreign and Commonwealth Secretary and the Home Secretary and to the Legal Secretary to the Law Officers.

RA

ROBERT ARMSTRONG

14 May 1987

14. V. PM 8 7

SECURITY

WRIGHT

PT 7

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CONFIDENTIAL

13 May 1987

Prime Minister 2
to note
N.L.W
13.5

N L Wicks Esq CBE
Principal Private Secretary
10 Downing Street
LONDON S W 1

Dear Nigel,

PETER WRIGHT CASE

Thank you for your letter of 11 May.

In the event Treasury Counsel advised on the morning of 11 May that it would be tactically disadvantageous to proceed against the Guardian and Observer for civil contempt and so this was not done.

I am copying this to Philip Mawer, Trevor Woolley and Christopher Mallaby.

Yours sincerely,

Anthony Inglese

A M C INGLESE

SECURITY

WRIGHT

PT 7

ORA

13 V. PM 87

PERSONAL AND CONFIDENTIAL

File

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

I have shown the Prime Minister your minute of 11 May about the response to the news, contained in Sunday's Observer and in the letter to the Treasury Solicitor from Lord Blakenham, that Viking are likely to publish Spycatcher (Peter Wright's book) in the near future. The Prime Minister found your report very disturbing and wishes to be kept in the closest touch with developments.

She has noted that you have considered whether it would be possible to proceed against Viking's British parent, Pearsons but the advice is that the chances of success are remote and an attempt to try to restrain publication in America by action in the British courts, would be counter-productive in the United States. The Prime Minister would like to know from whom this advice has been obtained and whether we are sure of it.

I am sending copies of this minute to the Private Secretaries to the Lord President, the Foreign and Commonwealth Secretary and the Home Secretary and to the Legal Secretary to the Law Officers.

N.L.W.

(N. L. WICKS)
13 May 1987

PERSONAL AND CONFIDENTIAL

CF para on Wright file N.C.W.

HOUSE OF LORDS ☎ 012196396

ACTIVITY REPORT (MANUAL) '86. 12/02 16:47

MODE	CONNECTION TEL	CONNECTION ID.	START TIME	USAGE T.	PAGES	RESULT
*AUTO RX	01 583 1700	G3	11/07 17:44	00' 42	1	OK
*AUTO RX	01 213 5432	G3	11/12 11:26	02' 34	3	OK
*AUTO RX	013790600	G3	11/13 12:09	01' 00	1	OK
*MANUAL TX	95885598		11/14 10:33	00' 36	0	NG
					0	#018
*AUTO RX	34 1 4197373	G3	11/19 11:37	02' 02	3	OK
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*AUTO RX	34 1 4197373	G3	11/19 11:42	01' 11	1	OK
*MANUAL TX	90532448005	LDS UNI ELEC ENG	11/19 16:44	05' 24	4	NG
					4	
*MANUAL TX	90532448005	LDS UNI ELEC ENG	11/19 16:51	15' 53	7+2	NG
*MANUAL TX	90532448005	LDS UNI ELEC ENG	11/19 17:16	15' 21	7+2	OK
*AUTO RX	01 583 2254	Platts-Mills Q.C	11/20 09:12	01' 09	2	OK
*AUTO RX	0532 448005	LDS UNI ELEC ENG	11/20 09:16	02' 31	3	NG
					3	#009
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*AUTO RX	01 583 2254	Platts-Mills Q.C	11/20 10:13	01' 00	2	OK
*POLLING	90232247895	Platts-Mills Q.C	11/21 11:08	01' 01	2	OK
			11/25 12:09	00' 20	0	NG
					0	#011
*MANUAL TX	90232247895	G3	11/25 12:17	06' 02	2+2	OK
*AUTO RX	01 583 2254	Platts-Mills Q.C	11/27 09:27	01' 46	4	OK
*POLLING	90222396600		11/27 12:26	00' 22	0	NG
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*SEQ. B' CAST M	90222396600	G3	11/27 12:38	02' 14	1	NG
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AUTO RX	32 2 2350133	G3	12/02 15:08	02' 51	3	OK
AUTO RX	32 2 2350133	G3	12/02 15:15	02' 24	3	OK
MANUAL TX	90519225394	G3	12/02 15:21	19' 32	7+2	OK

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CONFIDENTIAL

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cc CO

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

12 May 1987

Dear Director General.

Thank you for your letter of 5 May, and for reporting to me the outcome of your investigations into stories that the Security Service attempted to undermine or discredit the Labour Government of 1974-76, and particularly its Prime Minister.

As you know, on 6 May I made a statement in the House of Commons, in which I told the House that you had advised me that your investigations had yielded no evidence of any truth in the allegations, and that you had given me your personal assurance that the stories were false. I made it clear that I accepted that advice, and that I was satisfied that the allegations did not constitute grounds for any lack of confidence in the competence and impartiality of the Security Service or for instituting a special inquiry.

I hope that what I was able to say will at least have taken the steam out of the campaign of vilification to which the Security Service has been subjected, even if it is too much to hope that it will bring it to a total stop. It is deplorable that that campaign should have been fuelled in part by the activities of a former member of the Service who seems to be prepared totally to disregard his duty of confidentiality and his obligations to his former colleagues. I share your concern that these attacks should not damage the

SRW

effectiveness and standing of the Service; I am glad to know that it is in good heart, and performing effectively.

You know how greatly I value the work the Service does in the defence of our freedoms and security. I am glad to have this opportunity of letting you know, and of asking you to make known to the Service, that my colleagues and I continue to hold its skill, efficiency and loyalty in great esteem. I have no doubt that that sentiment is shared by a great many people who share our understanding of the importance and value of the Service's work.

Yours sincerely

Margaret Thatcher

The Right Honourable
Sir Antony Duff, G.C.M.G., C.V.O., D.S.O., D.S.C.

PERSONAL AND CONFIDENTIAL

Prime Minister
A progress report.

Ref. A087/1320

MR WICKS

Very disturbing
MS
N. L. W.
12.5.

Officials have considered how to respond to the news, contained in yesterday's Observer and in today's letter to the Treasury Solicitor from Lord Blakenham, that Viking are likely to publish Spycatcher (Peter Wright's book) in the near future.

2. We have considered, first, what action the Government might be able to take to prevent that publication. The unanimous legal advice, confirmed by American Counsel, is that the Government would have no chance of succeeding in obtaining an injunction against publication in the American courts. We are taking legal advice as to whether we should stand a better chance with an application for an account of profits: Viking might be less keen to publish if they thought that they might not make any money out of it. We have considered whether it would be possible to proceed against Viking's British parent, Pearsons; but again the advice is that the chances of success are remote and an attempt to try to restrain publication in America by action in the British courts, would be counter-productive in the United States.

3. That leaves the possibility of proceeding by way of the courts in Australia. It seems that, though the publishing rights in America may well have been legitimately conferred by Heinemann Australia upon Viking, the delivery of the manuscript of the book to Viking took place after the Australian publishers had given undertakings to the court which would have made that action a breach of the undertakings and therefore contempt of court. Legal advisers are therefore considering as a matter of urgency whether and how it would be possible to seek the protection of the Court of Appeal in New South Wales against a breach of the undertaking given by the publishers before the

SECAAH

case began. That seems to be the least unhopeful means of preventing publication in the United States; but I do not think that anybody sets very great store by it.

4. Mr Simos has been consulted by telephone about the effects on the Australian case of publication of the book in the United States. His advice is robust: he does not consider that such publication would significantly damage the British Government's case in the Australian courts, or its chances of succeeding in that case on appeal. Even if the Court of Appeal found against us on publication, we should still want to keep alive that part of our claim which consists of an application for account of profits.

5. In the meantime, it has been agreed that the case against The Independent for contempt of court should be heard on 20 May. In the first instance the argument will be about the point of law whether there can be contempt when the injunction was against other newspapers. Only when that point of law has been decided, and if the decision is that there can be contempt, will the court proceed to consideration of facts. The hearing of the contempt case would be followed immediately by the hearing of the application by The Guardian and The Observer for relief from the injunctions we have against them.

6. The House of Lords hearing of the appeal against the Court of Appeal's decision on the injunctions against the Guardian and the Observer was originally scheduled for 14 and 15 June. It appears that, because of the calling of a General Election, the House of Lords (sitting judicially) will lose sitting days, and the hearing is liable to be postponed until the autumn. The Treasury Solicitor is making urgent representations with a view to reinstatement of the earlier date, or a date in the near future.

7. If the book is published in the United States, the Government will have to consider its position in relation to the cases against the newspapers in this country. The advice of the Law Officers will need to be sought on this, as on other matters. The preliminary view is that the outcome of those cases could be adversely affected by any substantial leakage into this country of hitherto unpublished material from the book as a result of the publication in the United States. This will not necessarily take the form of serialisation or publication in this country: it could just as well take the form of extended reporting of and comment on the book by the British media.

8. As to the public line to be taken by the Government if and when the book is published in the United States, it would be to the effect that publication in the United States does not affect the principle of Peter Wright's duty of confidentiality which it has been the object of legal proceedings to uphold, and that accordingly the cases in Australia against Peter Wright and his publishers and in this country against the newspapers concerned will continue.

9. Questions may also be raised about the contents of the book, since there will be many allegations of misconduct by the Security Service not covered by the Prime Minister's statement on 6 May. Even if the Australian case continues, it may be more difficult to hold the position that we cannot comment while the case continues. As the Prime Minister will remember, it was decided last October that, in order to provide ourselves with a defence against the argument that publication of the book would be in the public interest because of the allegations of illegal and improper activities by the Security Service, we should be ready to refer the manuscript to the Director of Public Prosecutions. We were, however, prevented from referring the manuscript to the Director of Public Prosecutions by the ruling of the Australian court. Once the book was published in the United States, we could no longer be bound by that ruling.

It would be for question whether the Government should at that stage refer the book to the Director of Public Prosecutions, as it previously decided to do last October. The advantage of such a reference would be that the Government could reasonably refuse to comment on the contents of the book while it was under investigation by the Director. The disadvantage could well be that the Director would be obliged to institute police investigations which would no doubt involve extensive inspection of Security Service files and many inquiries of present and former Security Service personnel and of those who held relevant Ministerial and Civil Service posts in the period covered by Mr Wright's book. The outcome would be unpredictable, and the risk of leaks during the investigation not negligible.

9. All these matters are being looked at in detail by officials and there will be a full submission as soon as possible.

10. I am sending copies of this minute to the Private Secretaries to the Lord President, the Foreign and Commonwealth Secretary and the Home Secretary and to the Legal Secretary to the Law Officers.

RA

ROBERT ARMSTRONG

11 May 1987

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PM

PERSONAL AND CONFIDENTIAL

Mr Wicks

ra

CABINET OFFICE

70 Whitehall London SW1A 2AS
01-270 0101

From the Secretary of the Cabinet and Head of the Home Civil Service
Sir Robert Armstrong GCB CVO

Ref. A087/1321

11 May 1987

Dear Mike,

The Peter Wright Case

The Lord President mentioned this morning that, though he could not take action with Lord Blakenham to prevent publication by Viking in the United States of Peter Wright's book, he could perhaps make suggestions to him about the timing of that publication.

The Lord President may like to consider whether one reason to be given to Lord Blakenham for deferment of publication would be the existence of proceedings for criminal contempt of court in this country against The Independent for publication of material derived from Mr Wright's book.

I am sending a copy of this letter to Nigel Wicks.

Yours ever
Robert

M J Eland Esq
Privy Council Office

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Ref. A087/1315

MR WICKS

The Security Service

WITH NCW!

The Director General of the Security Service wrote to the Prime Minister on 5 May 1987 to report the outcome of his investigations into the stories that the Security Service, or members of it, had attempted to undermine or discredit the Labour Government of 1974-76.

2. The Prime Minister relied on the advice and assurance contained in that letter in her answer to Mr Kinnock's Private Notice Question on 6 May.

3. To round this off, the Prime Minister may like to write and thank Sir Antony Duff for his letter. Such a reply would enable the Prime Minister to send the Director General an expression of her confidence in the Security Service, which I know the Director General would welcome.

--- 4. I attach a draft.

RA

ROBERT ARMSTRONG

11 May 1987

DRAFT LETTER FROM THE PRIME MINISTER TO

THE RT HON SIR ANTONY DUFF GCMG CVO DSO DSC

Thank you for your letter of 5 May, and for reporting to me the outcome of your investigations into stories that the Security Service attempted to undermine or discredit the Labour Government of 1974-76, and particularly its Prime Minister.

As you know, on 6 May I made a statement in the House of Commons, in which I told the House that you had advised me that your investigations had yielded no evidence of any truth in the allegations, and that you had given me your personal assurance that the stories were false. I made it clear that I accepted that advice, and that I was satisfied that the allegations did not constitute grounds for any lack of confidence in the competence and impartiality of the Security Service or for instituting a special inquiry.

I hope that what I was able to say will at least have taken the steam out of the campaign of vilification to which the Security Service has been subjected, even if it is too much to hope that it will bring it to a total stop. It is deplorable

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that that campaign should have been fuelled in part by the activities of a former member of the Service who seems to be prepared totally to disregard his duty of confidentiality and his obligations to his former colleagues. I share your concern that these attacks should not damage the effectiveness and standing of the Service; I am glad to know that it is in good heart, and performing effectively.

You know how greatly I value the work the Service does in the defence of our freedoms and security. I am glad to have this opportunity of letting you know, and of asking you to make known to the Service, that my colleagues and I continue to hold its skill, efficiency and loyalty in great esteem. I have no doubt that that sentiment is shared by a great many people who share our understanding of the importance and value of the Service's work.

CONFIDENTIAL

PRIME MINISTER

PUBLICATION OF THE PETER WRIGHT BOOK IN THE USA

The Treasury Solicitor received today from Lord Blakenham the attached letter saying that Viking Penguin Inc. will publish Wright's book in the United States "in the near future" and that his legal advice was that there was "nothing effective" that he could do to prevent the publication.

dated 8.5.87 -

Lord Whitelaw saw Lord Blakenham this afternoon for a private talk.

Lord Whitelaw, after noting Lord Blakenham's advice that publication could not be stopped, said that he was concerned about timing. Lord Blakenham replied that he had been told that the book would be published "in early June". He agreed with Lord Whitelaw that there would be real problems if it were published before 11 June, and he undertook to make representations to Viking Inc. for a later publication date. He thought he could prevail but would speak to Lord Whitelaw again if he did not.

Sir Robert Armstrong will be providing advice tomorrow on what action the Government might take to prevent US publication. His preliminary view is that there is not much that we can do through the US courts.

N.L.W.

N.L. Wicks
11 May 1987

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CONFIDENTIAL

FILE
JA

10 DOWNING STREET

From the Principal Private Secretary

11 May 1987

Dear Anthony,

PETER WRIGHT CASE

I have shown the Prime Minister the letter which you sent on 8 May to the Private Secretary to the Home Secretary about court proceedings relating to the Peter Wright book.

The Prime Minister agrees that the Attorney General should proceed as proposed in this letter, and in particular should take the action outlined in the third paragraph of the letter, subject, of course, to Counsel's advice.

I am sending a copy of this letter to Stephen Boys Smith (Home Office) and to Trevor Woolley and Christopher Mallaby (Cabinet Office).

Yours ever,
Nigel Wicks

(N. L. WICKS)

A. M. C. Inglese, Esq.,
Law Officers' Department.

CONFIDENTIAL

CONFIDENTIAL

01-936-6494

Communications on this subject should be addressed to
THE LEGAL SECRETARY
ATTORNEY GENERAL'S CHAMBERS

ATTORNEY GENERAL'S CHAMBERS,
LAW OFFICERS' DEPARTMENT,
ROYAL COURTS OF JUSTICE,
LONDON, W.C.2.

8 May 1987

Prime Minister

Agree the course proposed by the Attorney & particularly the approach at X ?

N.L.W.
8.5

S Boys-Smith Esq
Private Secretary to
Secretary of State for the Home Department
Home Office
Queen Anne's Gate
LONDON S W 1

Yes ok,

Dear Stephen,

PETER WRIGHT CASE

As you will know the Observer and Guardian newspapers' application to have the injunction against them set aside was adjourned this morning on the Attorney General's application, the principal ground being that it would be helpful to have the Attorney's contempt proceedings against the Independent resolved first. The judge decided to hear both sets of proceedings together (but to give a ruling first on contempt) and at 10.30 on Monday morning (11 May) he will be giving directions as to the handling of the combined proceedings.

Now that the proceedings are to be combined Treasury Counsel has been asked to consider over the weekend whether there is a case for bringing proceedings for civil contempt against the Observer and Guardian alleging breach of the injunction against them arising out of articles recently published in the two newspapers. It would be then possible to have any such proceedings combined with the others so that the judge could consider the whole picture. Treasury Counsel has been asked to advise on whether he considers in law that the two newspapers are guilty of contempt and on the tactical advantages and disadvantages of bringing proceedings against them.

X

The Attorney's present view - without of course his having had the benefit of Counsel's advice - is that we should bring proceedings for civil contempt against

the Observer and Guardian only if we are advised by Counsel that he is sure that they are in contempt and that to do so would assist our case in the combined hearing.

The decision whether or not to bring such proceedings may have to be made quickly on Monday morning before the 10.30 hearing in the light of Counsel's advice. Accordingly, I would be grateful to know whether - since we are dealing with a possible civil contempt rather than a criminal one and are therefore in the territory where the Attorney acts collectively with colleagues rather than independently - the Home Secretary agrees that the Attorney should have discretion to act within the limits outlined above.

I am copying this letter to Nigel Wicks with a request that he obtain the Prime Minister's authority to the above course of action.

In view of the tightness of the timetable I would be grateful for a response by 9.45 on Monday morning.

I am copying this letter also to Christopher Mallaby.

Yours ever,

Anthony.

A M C INGLESE

O.B.V. PM187

Mr Wicks

CABINET OFFICE

With the compliments of

C. L. G. MALLABY

70 Whitehall, London SW1A 2AS
Telephone 01 270 0360

·PEARSON·

8 May 1987

D A Hogg Esq
(Assistant Treasury Solicitor)
The Treasury Solicitor
Queen Anne's Chambers
28 Broadway
London SW1H 9JS

Dear Mr Hogg,

In my last letter I indicated that publication of Peter Wright's book "Spycatcher" by Pearson's subsidiary, Viking Penguin Inc, was not imminent. That was the position at the time.

However, since then newspapers both here in the UK and in the USA have published material derived from Mr Wright's manuscript.

In these circumstances it is likely that Viking Penguin Inc will publish the book in the United States in the near future. Any decision will be made by Viking Penguin Inc's management in New York and my legal advice is that there is nothing effective that I can do to prevent the publication.

I did not think that it was right to leave you under an impression to the contrary.

Yours sincerely

Michael Bach.

11. V.

DRAFT LETTER FROM THE LORD PRESIDENT TO
THE RT HON LORD GLENAMARA CH

In your intervention during supplementary questioning on Wednesday 6 May, after I had repeated in the House of Lords the answer which the Prime Minister had given in another place about the Security Service, you referred to your rather special personal interest in the matter.

This matter arose during a period for which members of the present Administration have no Ministerial responsibility, and, as the Prime Minister said in her answer, we cannot and should not ask ourselves to see the papers. I am advised, however, that the assurance which the Director General has given to the Prime Minister can be taken as covering the story that the Security Service were responsible for the forged Swiss bank account in your name. I have no doubt that that allegation is completely without foundation.

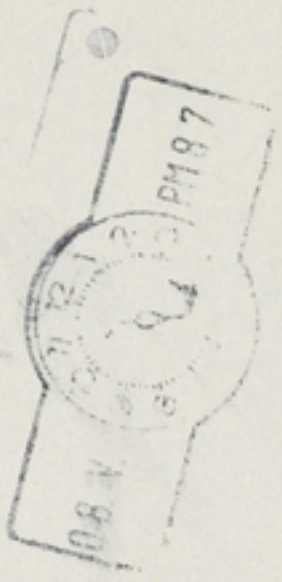
that (whether words are appropriate - eg. the stories are false), or have no basis in fact.

Ambiguous

* that the stories he has investigated are false

SECURITY – Secret Services

PET



2

Prime Minister
to see how
R.T.A. advises the hard
President to reply to
hard Glenamara's point
raised in the hard's about
the forged Swiss Bank Account

Ref. A087/1281

MR WICKS

The Security Service and Lord Glenamara

Thank you for your minute of 7 May to Mr Woolley.

NLW.
8.5

2. I presume that the Prime Minister's approach to this will be governed by her view as reported in your minute of 28 January. attached at flap pt 5.

--- 3. I attach a draft reply accordingly.

RTA

ROBERT ARMSTRONG

8 May 1987

Trevor Woolley informed that the reply, as amended, may go out.

MEA 11/5

file

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10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

I have shown the Prime Minister your minute of 26 January about the allegations that in 1974 the Security Service sent various newspapers forged documents purporting to say that Lord Glenamara had established an illegal Swiss bank account.

The Prime Minister agrees that in answer to Questions, she can say no more than that these matters had occurred before the period for which she has Ministerial responsibility. But she would not wish you to write to Lord Wilson or Mr. Roy Jenkins to tell them about the police inquiry and to seek their agreement to her saying something about the inquiry, if necessary, in the House of Commons.

N. L. Wicks

28 January 1987

3.30 pm

State Security

Mr. Neil Kinnock (Islwyn) *(by private notice)* asked the Prime Minister if she will make a statement in response to the statement made this morning by the right hon. Member for Cardiff, South and Penarth (Sir J. Callaghan) calling for a review by a senior judge of the findings of the 1977 inquiry into allegations about the operations of the security services in the mid-1970s, taking into account information reportedly contained in a book written by Mr. Peter Wright, examining both him and those officers who have been implicated by Mr. Wright or named by others, and providing the means to gain an independent verdict on the past, and to safeguard the future.

The Prime Minister (Mrs. Margaret Thatcher): The right hon. Member for Cardiff, South and Penarth (Sir J. Callaghan) has today called for an inquiry into recent allegations about the Security Service in relation to the Government led by the right hon. and noble Lord Wilson of Rievaulx between 1974 and 1976.

Allegations of this nature first gained currency 10 years ago, in July 1977. They were summarised in a speech in the House on 28 July 1977 by my right hon. Friend the Member for Blackpool, South (Sir P. Blaker). The allegations ranged widely, but were to the effect that the Security Service had sought to discredit the duly constituted Government of the day, and in particular its Prime Minister; or that some members of the Security Service had conspired together to do so.

On 23 August 1977, the right hon. Gentleman, the then Prime Minister, issued a statement in which he said that he had conducted detailed inquiries into the recent allegations about the Security Service and he was satisfied that they did not constitute grounds for lack of confidence in the competence or impartiality of the Security Service, or for instituting a special inquiry.

On 8 December 1977, he told the House that Lord Wilson associated himself with that statement, and therefore there was no reason to carry the matter any further. I accepted the right hon. Gentleman's statement and conclusions without question. I believed them, and I still believe them, to be correct.

Early in 1978, a book was published, entitled "The Pencourt File", which contained fuller accounts of these allegations. My hon. Friend the Member for Woking (Mr. Onslow) has let me see copies of correspondence which he exchanged with the right hon. Gentleman the then Prime Minister. My hon. Friend drew the right hon. Gentleman's attention to the contents of the book, and in particular to a number of statements attributed in the book to the then Sir Harold Wilson. My hon. Friend urged the then Prime Minister to arrange for a full inquiry to be undertaken by the Security Commission.

In his reply dated 20 February 1978, the then Prime Minister said:

> "So far as I can see, there are no significant statements about matters of national security in this book of which the authorities were not aware when I issued a statement on allegations about the Security Service on 23 August last; I put the statement in the *Official Report* on 8 December."

He concluded:

> "I have nothing to add to it."

In recent weeks these allegations have been given renewed currency in press reports which the right hon. Gentleman, in his statement issued this morning, says go into greater detail than the 1977 inquiry knew about.

It would not be appropriate for me or other members of this Administration to see papers relating to that time, and we have not asked to do so. I can, however, tell the House that the director-general of the Security Service has reported to me that, over the last four months, he has conducted a thorough investigation into all these stories, taking account of the earlier allegations and of the other material given recent currency. There has been a comprehensive examination of all the papers relevant to that time. There have been interviews with officers in post in the relevant parts of the security service at that time, including officers whose names have been made public.

The director-general has advised me that he has found no evidence of any truth in the allegations. He has given me his personal assurance that the stories are false. In particular, he has advised me that all the security service officers who have been interviewed have categorically denied that they were involved in, or were aware of, any activities or plans to undermine or discredit Lord Wilson and his Government when he was Prime Minister. The then director-general has categorically denied the allegation that he confirmed the existence within the security service of a disaffected faction with extreme Right-wing views. He has further stated that he had no reason to believe that any such faction existed. No evidence or indication has been found of any plot or conspiracy against Lord Wilson by or within the security service.

Further, the director-general has also advised me that Lord Wilson has never been the subject of a security service investigation or of any form of electronic or other surveillance by the security service.

The right hon. Member for Cardiff, South and Penarth, in a statement he issued on 22 March this year, declared that he had every confidence in the integrity and ability of the present director-general of the Security Service. So have I. I accept the assurance and the advice which he has given me.

This latest investigation, taking account of recently published material, confirms the conclusions reached and announced by the right hon. Gentleman in 1977, which I then accepted without question. That was in accordance with the tradition of bipartisan Front Bench support for the security and intelligence services and the work that they do. Like the right hon. Gentleman in 1977 and again in 1978, I do not propose to institute any other inquiry into these matters. In the light of the director-general's assurance and advice, I do not believe that any further inquiry would be justified.

So, once again, as in 1977, detailed inquiries have confirmed the conclusion that there are no grounds for lack of confidence in the competence or impartiality of the Security Service or for instituting a special inquiry.

It is time to stop raking over the embers of a period over 10 years ago and to assert confidence, as I readily do, in the Security Service's strict adherence to the directive under which it carries out its duties, and in its skill and loyalty in carrying out the tasks which it is called upon to undertake in the defence of our security and freedom.

Mr. Kinnock: I share the confidence that the Prime Minister and my right hon. Friend for Cardiff, South and

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10 DOWNING STREET

From the Principal Private Secretary

MR. WOOLLEY
CABINET OFFICE

THE SECURITY SERVICE AND LORD GLENAMARA

I attach a letter which Mike Eland has sent me about a point raised by Lord Glenamara in the House of Lords yesterday following the Lord President's repetition of the Prime Minister's Answer to yesterday's PNQ.

I should be grateful if you could let me have a draft letter which the Lord President might send to Lord Glenamara. The letter should, I think, be in the nature of a courteous brush-off.

Mike Eland tells me that the Lord President is likely to see some advantage in sending his letter to Lord Glenamara before Lord Molloy's Question on the security service is answered on Monday 11 May.

Would it therefore be possible for you to let me have a draft by close of play tomorrow, 8 May.

(N.L. WICKS)
7 May 1987

RESTRICTED

PRIVY COUNCIL OFFICE
WHITEHALL. LONDON SW1A 2AT

7 May 1987

Dear Nigel,

PNQ - SECURITY SERVICE INQUIRY REQUEST

When the Lord President spoke to you yesterday he mentioned that in the supplementaries following his repetition of the Prime Minister's Answer to this PNQ a particular point had been raised by Lord Glenamara which he had to undertake to pass to the appropriate quarter.

The attached Hansard extract is self-explanatory of the point. In drawing it to your attention I think I have largely discharged the Lord President's undertaking. If you think it appropriate, however, I think the Lord President would like to follow it through with a letter. Perhaps we could have a word about what that might say.

Yours sincerely,

Mike Eland.

M J ELAND
Private Secretary

Nigel Wicks Esq

RESTRICTED

4.15 p.m.

Lord Glenamara: My Lords, the House will recognise that I have a rather special personal interest in this matter. I am grateful to the noble Viscount for repeating the Statement, but what he has said is that the security service has investigated itself and given itself a clean bill of health. In no way do I impugn the integrity of the director general, but I find that totally unacceptable.

It will surprise noble Lords to hear that I have not heard a word from the Director General of the Security Service. He knows about the allegations concerning myself. Why has he not asked to see me or to see the documents which I have? There has been no word from him in this investigation. I find that absolutely unacceptable.

I agree with my noble friend Lord Cledwyn and with the noble Lord, Lord Diamond, that there must be an adequate inquiry of some kind which has power to send for persons and papers, including, may I say, police records, which are extremely important in this matter—to send for them and require their presence. If nobody else will do it I hope that a Select Committee of the other place, or perhaps a joint Select Committee, will do it. But I must tell the noble Viscount, for whom I have enormous respect, that I am not going to let this matter drop and nor will my friends. We shall continue pressing day in day out until it is investigated thoroughly.

Viscount Whitelaw: My Lords, it would be quite improper for me to comment on the personal position of the noble Lord, which he has set before the House. He will be the first to appreciate that when these matters were investigated in 1977 it was the view of his then Prime Minister, the right honourable Gentleman the Member for Cardiff, South and Penarth, that there was nothing in the various allegations. I understand from what he has said, and I have to accept it, that that does not satisfy him. Clearly it is not for me to pursue that matter further. I can only say that I regret the understandable feelings that the noble Lord has and I shall certainly see that his views are passed to the appropriate quarter.

I do not think it is possible for me to go further than to state my belief in what the right honourable Gentleman the Member for Cardiff, South and Penarth said on that occasion about these allegations and many others, which has been confirmed by my right honourable friend the Prime Minister today.

NBPM (12)

RTA has given an oral report on 5 May, directly he returned from Sir J. C's, to the PM on these lines.
N.L.W
7-5

Ref. A087/1245

NOTE FOR RECORD

cc Mr Wicks
Sir Brian Cubbon
Sir Antony Duff
Mr Mallaby

I went to see Sir James Callaghan at his home on Tuesday 5 May 1987 at 7.15 pm.

2. I asked that our discussion should be on Privy Counsellor terms. Sir James Callaghan agreed.

3. I opened by saying that the situation in which we were appeared to be very similar to the situation in August 1977. There had been allegations of plots within the Security Service to undermine and discredit the Wilson Government; they had been the subject of detailed inquiries; on that occasion he had sent me to see Mrs Thatcher and put her in the picture and Mrs Thatcher had accepted that there should be no inquiry. In doing that she had had much in her mind a desire not to undermine the Security Service.

4. I went on to say that the Security Service had conducted a thorough and comprehensive examination of all the papers relevant to that time, and had interviewed those most directly involved in the areas of the Security Service where any such plot would have been mounted. They had found nothing. I read over to Sir James Callaghan the significant parts of Sir Antony Duff's letter of 5 May to the Prime Minister, and he read the annex to it.

5. I went on to say that in the Prime Minister's view this made a further inquiry unnecessary. There was a further difficulty. We were advised that to establish an inquiry, which would have to be given access to the Peter Wright manuscript, would be likely to prejudice the outcome of the case in the Australian courts. The Government was not prepared to abandon that case. This was not just a matter of the contents of the book. The Government had applied for an injunction before seeing the manuscript. What was at stake was the principle of publication without authority by an insider. That principle was unaffected by the publication in various newspapers of material said to have been derived from the book. I said (apologising for the pun) that two wrongs did not make a right. If the fact that there had been publication in a newspaper or by other outside means was to be accepted as a reason for abandoning proceedings against an insider, it would be a licence to insiders to publish with impunity; all they would have to do would be to arrange for material to be leaked to and published by a newspaper as a cover for what they themselves wanted to publish.

6. Sir James Callaghan said that in his view my comparison between 1977 and 1987 was invalid. In 1977 there had been relatively few newspaper articles and not much follow-up; the case was quite different in 1987, with a sustained series of newspaper allegations, many of them new since 1977. In his view that made an inquiry necessary to clear the air. I said that I could not accept what Sir James Callaghan had said. The situation was in fact very similar. The basic allegations were the same as in 1977; they were now being renewed, with some variations and some new detail. As I had explained to him, they had been the subject of detailed inquiries, which were certainly at least as thorough as - perhaps more thorough than - the inquiries on which his own 1977 conclusions were based. In the light of the inquiries the Director General of the Security Service had given his assurance to the Prime Minister that the

stories were false. I was sure that Sir James Callaghan accepted the integrity and good faith of the Director General. Sir James Callaghan said that he did indeed accept the integrity and good faith of the Director General, and he was very glad to learn that the result of the investigation was as I had reported it. Nevertheless, as things had developed, he doubted whether the say-so of the Director General and the Prime Minister would be sufficient to dispose of the suspicions that had been created. That would need the confirmation of an independent inquiry.

7. Sir James Callaghan went on to say that he understood the need to defend the principle that an insider should not be able to publish without authority. He suggested, however, that the Government had already achieved a good deal of success in that respect. He thought that they were quite right to have instituted the proceedings in the Australian courts; but in the light of what had happened it was futile to pursue them any further, and the Government had already established that attempts by insiders to publish without authority would be fought and made as difficult as possible. I said that that did not seem to me to go to the heart of the matter. If the Government were to abandon the case at this point because of the material that had been published in the newspapers, that would be taken (as I had already indicated) as a licence to insiders to cover unauthorised publication by preparatory leaks to newspapers. In any case, we had argued in the courts in Sydney that there was a fundamental difference between publication by an insider and publication by an outsider. That was the principle which we were seeking to uphold. Admittedly the judgment had gone against us at first instance, but the judgment seemed to be in a number of respects defective and we were advised that we had a reasonable prospect of a successful outcome at appeal.

8. Moreover the Government was bound to go on with the Australian case, and not to do anything to prejudice its outcome, in order to protect its position in relation to the case against the Guardian and the Observer which the Government had won at first instance and before the Court of Appeal and which was now shortly to go before the House of Lords.

9. Sir James Callaghan said that he would reflect on what I had said, but he thought that it was likely that he would go ahead with a public statement calling for an inquiry. He did not believe that anything less than that was now capable of resolving the situation. He would naturally consider carefully what I had said, but he would find it very difficult to go against the unanimous view of the Shadow Cabinet.

10. I said that I hoped that it was understood how undesirable an inquiry might be. The inquiry would have to take evidence from Lord Wilson of Rievaulx, Lady Falkender, probably Mr Joe Haines and Lord Donoughue and certainly from himself. It would certainly not be confined to the Security Service. Sir James Callaghan said that he took the point but that that was a consequence that would have to be faced: an inquiry in his view was now inevitable.

11. Sir James Callaghan went on to say that what he would be proposing, and what he would say in any debate, was that an inquiry should take the form of a review of the 1977 conclusions and findings in the light of the recent allegations. It should be conducted by a senior judge and assessors. Evidence should be held in public save when it had to be held in private and as much as possible of the findings should be made public. That would give those who had been named a chance to give their side of the story. I asked whether Sir James Callaghan envisaged that Mr Wright would be invited to give evidence. He said that he would. I asked whether that meant that Mr Wright should be given immunity from prosecution. This seemed to be a new

thought to Sir James Callaghan. I explained that the Attorney General had made it clear that if Mr Wright set foot in this country he could face charges under the Official Secrets Act. After a little discussion of this matter, Sir James Callaghan said that it would not be possible to give Mr Wright immunity, and the judge or one of the assessors would have to go out and take evidence from him in Australia.

11. One of the points Sir James Callaghan made in distinguishing between 1977 and 1987 was that in 1987 at least some of the allegations appeared to have the authority of a former member of the Security Service (Mr Wright). I reminded him that one of the allegations in 1977 was that the then Director General had confirmed the existence in the Security Service of a disaffected faction of extreme right-wingers. There could hardly have been higher authority than that for an allegation which he himself had accepted as being untrue. I reminded him of various reasons for regarding Mr Wright as a less than totally credible witness, including the article in that morning's Times by Chapman Pincher, a copy of which I left with Sir James Callaghan.

12. Sir James Callaghan concluded by saying that, while he would of course reflect on what I had said, he nevertheless expected that he would issue a public statement calling for an inquiry. He said that he would be doing nothing that evening, but he would issue the statement fairly early the following morning since he had to go out to Mr John Silkin's funeral later in the day. He said that he would send me a copy of the statement fairly early in the morning.

13. Finally Sir James Callaghan said that he had heard that the Guardian was querying the evidence which I had given in the court in New South Wales to the effect that I had no knowledge of inquiries into Security Service attempts to destabilise Mr Wilson's Government between 1974 and 1976. I

said that, as I understood the question put to me, it related to inquiries during that period, and it was the case that I had no knowledge of any inquiries that might have been made during that period. If I had been asked about later inquiries, I should have said that I was aware that detailed inquiries had been conducted before Sir James Callaghan made his statement on 23 August 1977, but that I had no detailed knowledge of the contents of those inquiries. But I had not been asked about inquiries at that time.

RA

ROBERT ARMSTRONG

7 May 1987

07. V.

CONFIDENTIAL

FCS/87/109

NBPM

SOLICITOR GENERAL

Peter Wright Case

attached.

1. You sent me a copy of your minute of 1 May concerning possible action against the Australian newspapers, The Canberra Times and The Age. I agree that you should proceed as proposed.

2. I am sending copies of this minute to the Prime Minister, the Home Secretary, the other members of OD(DIS), the Lord Advocate and Sir R Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

7 May 1987

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FILE
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cc LOD
MOD
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FCO
LPO

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

"THE SECRETS OF THE SERVICE" BY ANTHONY GLEES: OD(DIS)(87)34

The Prime Minister has seen this OD(DIS) paper about this forthcoming book by Mr. Anthony Glees. She is content with the course of action proposed in paragraph 5 of the note by officials, subject to the agreement of the other Ministers.

I am copying this minute to the Private Secretaries to members of OD(DIS).

N.L.W.

(N.L. WICKS)

6 May 1987

CONFIDENTIAL

P.a. This is final version of PNQ

PRIVATE NOTICE QUESTION

6 May 1987

Mr Neil Kinnock to ask the Prime Minister if she will make a statement in response to the statement made this morning by the Rt Hon Gentleman, the Member for Cardiff South and Penarth, calling for a review by a senior judge of the findings of the 1977 inquiry into allegations about the operation of the security services in the mid-1970s, taking into account information in a book written by Mr Peter Wright and examining both him and those officers who have been implicated by Mr Wright or named by others and providing the means to gain an independent verdict on the past and to safeguard the future.

Derek Foster

PERSONAL

PRIME MINISTER

PUBLICATION OF THE WRIGHT BOOK IN THE USA

Lord Whitelaw telephoned me this evening to report his conversation this afternoon with Lord Blakenham, Chairman of Pearsons, who own the US company Viking which have the US publication rights of the Wright Book.

The Lord President said that Lord Blakenham, though absolutely open and wanting to help, was in an edgy state. Lord Blakenham thought that the Washington Post, having published extracts from the book Viking, would say soon that they were going to publish the book. The Lord President thinks it is certain that Pearsons have been advised by their lawyers that they have no way of stopping Viking publishing if they decided to do so.

The Lord President added, though I am not sure of the relevance, that Pearsons have never given any general commitment to Viking that they would not prevent them publishing any book. Apparently, Pearsons have made such a commitment to their Canadian subsidiary.

I agreed with the Lord President that he, Robert Armstrong and myself would have a word tomorrow about how to follow up Lord Blakenham's information.

N.L.W.

NLW

6 May 1987

PERSONAL

Ref. A087/1237

MR WICKS

The Pencourt File

You asked for a note on the allegations in the "Pencourt File". A very quick analysis has suggested that these fall into three categories:

a. The allegations of a smear campaign against Lord Wilson's Government reported in The Observer in July 1977. There are some additional points, apparently emanating from Lady Falkender, including suspicion about army manoeuvres at London Airport and references to the activities of such right-wingers as General Walter Walker and George Young.

b. Wilson's suspicions of the CIA - as outlined in The Observer articles of July 1977.

c. Wilson's belief in a smear campaign by the South African Intelligence Service BOSS. BOSS were alleged to have been responsible for a series of burglaries of Wilson's house and of the houses of Lady Falkender, Lady Falkender's brother and No 10 staff; and campaigns to discredit Jeremy Thorpe (the Norman Scott affair) and Peter Hain (the shop-lifting case).

2. The above represents a very abbreviated account of the plethora of accusations which appear in the book, but it would appear that the most significant allegations regarding the Security Service appeared in The Observer in July in advance of the publication of the book.

Trevor Woolley

T A WOOLLEY

6 May 1987

CONFIDENTIAL

M.L. SAUNDERS
LEGAL SECRETARY

LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

1. M/A
2. Prime Minister
to see
N.L.W.
6.5.

B H Dinwiddy Esq.
Cabinet Office
70 Whitehall
London SW1

6 May 1987

Dear Bruce,

THE PETER WRIGHT CASE: CONTEMPT PROCEEDINGS

You will recall that the Attorney General was granted leave last week by the Divisional Court to bring contempt proceedings against three newspapers. Counsel for one of the newspapers requested that there be an expedited hearing of the proceedings. The Court declined to order expedition, ruling that the case be heard as soon as practicable taking account of the other important matters before the Court. It seemed to those present that the Court wished to hear the contempt application after the House of Lords had given judgment in the Guardian/Observer case.

It was hoped that the fact that the Divisional Court had granted leave, and that considerable publicity had been given to their ruling, would cause editors to desist from publishing material in breach of the Guardian/Observer injunction. There has, however, been a number of articles published over the last few days, which have contained material attributed to Wright. The most blatant example perhaps is the front page of yesterday's Independent.

The Attorney discussed yesterday with Treasury Counsel what steps should be taken. Treasury Counsel advised that our position in the Guardian/Observer case would be seriously prejudiced by the publication of more and more of what was alleged to be the Wright manuscript, without any further attempt being made by the Crown to prevent such publication.

CONFIDENTIAL

The Attorney has decided, in these new circumstances, to seek an expedited hearing of the contempt application. The outcome of the application is, as you know, uncertain; a novel point of law is being tested, but Treasury Counsel is reasonably optimistic about our prospects. The Attorney feels that it is better to take the risk of an adverse judgment on the contempt application (which would inevitably result in widescale publication of the Wright allegations by all those not bound by the Guardian/Observer injunction) than to prejudice the House of Lords hearing of the Guardian/Observer case by taking no action to stop publication in advance of that hearing. The only other option is to seek injunctions against all newspapers, magazines and radio and television companies. The Attorney advises strongly against taking such action.

The Attorney has also directed that a letter be sent to all national newspaper editors and to the BBC and ITN reminding them of the fact that he has been granted leave, informing them that he is seeking a hearing date for the application and that if he succeeds in the case against the three newspapers, he will give serious consideration to proceeding against other newspapers who have already published or in the future publish material in breach of the injunction.

The Guardian and Observer have, as you know, applied for the discharge or variation of the injunction imposed on them. The hearing of that application will take place tomorrow. Treasury Counsel will inform the Court of the Attorney's decision to seek an early hearing of the contempt case.

I am copying this letter to John Bailey, Jim Nursaw, Bernard Sheldon, Christopher Battiscombe and Nigel Wicks.

Yours ever,

Michael.

M L Saunders

06. V. PM 8 7

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SECRET AND PERSONAL

COPY NO 1 OF 3

MR WICKS

5 May 1987

SECURITY SERVICE ALLEGATIONS: SIR JAMES CALLAGHAN

1. I agree that the brief Sir Robert Armstrong seeks is drawn too widely. In particular we should not promise a statement, although at the end of the day one may have to be made.

2. Our object should be to take Sir James Callaghan as far into our confidence as possible, so as to persuade him of the good sense of our case, or at least to restrict his options, while retaining maximum freedom of manoeuvre ourselves.

3. In making our case to him, the main points would be those in paragraph 6 of Sir Robert Armstrong's minute, playing down his point 3, which has an element of threat to it, and putting stress on Sir Antony Duff's investigations. For this purpose Tony Duff's letter should be sent and should be shown to Sir James Callaghan on a confidential basis, without any statement about publication.

4. It is for consideration whether we should add the arguments, which weigh heavily with us, that an inquiry would not finally dispose of the kind of allegations we are now hearing; that our critics would never be satisfied, that they would claim a whitewash; that they would want more public or more wide-ranging investigations; that we would be setting a precedent for an inquiry after every public smear; and that the nett effect would be to damage rather than assist the intelligence services, which Sir James Callaghan, like ourselves, wishes at all costs to avoid.

5. In any event we should add the weighty arguments based on the Australian difficulties, (Michael Saunders' letter of 1 May and Sir Robert Armstrong's paragraphs 7 and 8.) I see your problem over disingenuous argument, but this could be avoided by saying, before coming to this point, that in view of the preceding considerations (paragraphs 3 and 4 above), the Prime Minister is opposed to the idea of an inquiry. But even if she were not so minded there would still be the difficulties arising from the Wright case.

6. I fear that in the end Sir James Callaghan will not be persuaded, will succumb to the pressures from the other side and that we shall have to face the issue head on. But we should make it as difficult for him as possible.

PERCY CRADOCK

424

pa
on Wright
file

RESTRICTED

Sir Robert Armstrong GCB CVO
Cabinet Office

Cuttings fm The Washington Post of 3 May 1987

With the compliments

of

Bernard Sheldon

PO Box 500
London SW1P 1XH

RESTRICTED

L604-53/SG/LA
5 May 1987

British Spy Agency Criticized

Former Official Describes Abuses In Unpublished Book

By Karen DeYoung
Washington Post Foreign Service

LONDON, May 2—A retired senior intelligence official has depicted Britain's domestic counter-intelligence agency, MI5, as frequently incompetent and characterized by systematic abuses of power and illegal acts, including efforts to spy on and overthrow former prime minister Harold Wilson.

The allegations are contained in an unpublished book called "Spycatcher" by Peter Wright, a 21-year veteran of MI5 who left the service in 1976. The British government is engaged in a continuing legal battle to ban publication of the book. But new demands arose this week in Parliament for an independent inquiry into the charges after a London newspaper published an account of some of the allegations.

In the manuscript, a copy of which has been obtained by The Washington Post, Wright describes an organization that often operated outside the control or knowledge of the British government of the day. According to Wright, MI5 routinely used other British institutions, from the post office to the media, to further its aims, and covered up its more questionable activities.

Wright's account is taken from his detailed diary of events between 1955 and 1976, when he held a series of senior MI5 positions. Its primary focus is on proving Wright's long-held and widely aired belief that former MI5 head Roger Hollis was the undiscovered Soviet agent long suspected to be at the top of British intelligence.

According to Prime Minister Margaret Thatcher, a secret government investigation in the late 1970s cleared Hollis of suspicion.

But the manuscript also details two decades of day-to-day intelligence activities, from the bugging of embassies of both friends and foes by London and Washington to plots to assassinate heads of foreign governments.

Thatcher's government has sought repeatedly to suppress publication of the book on grounds of national security, and it is unlikely ever to be published here because of Britain's severe secrecy laws. The government is involved in a court battle to prevent its publication in Australia, where Wright, 71, now lives.

Last week, The Independent newspaper published a lengthy account of some of its allegations, including a politically motivated plot by up to 30 senior MI6 officers in

former British Official Says MI5

WRIGHT, From A1

1974 and 1975 to remove Labor Party prime minister Harold Wilson from office by smearing him as a Soviet spy.

According to Wright, the plan centered on selective leaking of information gathered during Wilson's earlier term in office between 1964 and 1970, when MI5 conducted a secret investigation of him, and in additional bugging of his home and office following his reelection at the head of a minority government in 1974.

The government has brought contempt of court charges against The Independent on grounds that it violated previous injunctions against newspaper publication of Wright's manuscript in this country.

But the Wilson revelations already have led to charges in Parliament of an MI5 cover-up of potentially treasonable behavior and demands for an independent inquiry. Opposition party leaders have renewed longstanding calls for oversight of the intelligence services, currently accountable only to the prime minister and selected Cabinet members.

On Thursday, Thatcher firmly ruled out any inquiry into the Wright allegations about the Wilson plot, saying the matter had been investigated by the Labor government of James Callaghan. Callaghan became prime minister in 1976, when Wilson resigned for still undisclosed reasons.

But officials from the Callaghan government have said the 1977 investigation concerned only the bugging reports, which they said were disproven, and not the more comprehensive plot that Wright has alleged.

While major Labor and other political opposition figures have demanded an independent inquiry, Wilson, 71, said last week that he respected Thatcher's decision.

"It sounds as though she does not intend to have one," he told BBC television. "I accept that. She is a little closer to it now than I am."

In a related controversy, Thatcher last month confirmed to Parliament that the late Maurice Oldfield, who during the 1970s headed MI6, Britain's overseas intelligence service, was a homosexual as had long been rumored. The fact that Oldfield had repeatedly passed security checks during his MI6 tenure, combined with the Wright charges, has led to a reported desire on the part of many current senior intelligence officers for some sort of independent inquiry to clear the name of the service.

The issue so far does not seem to have captured public imagination, which at the moment is more concerned with whether Thatcher will call national elections in mid-June.

Wright's book contains numerous references to the often stormy Anglo-American intelligence relationship. He describes both MI5 and MI6 as poor and understaffed, and looking across the Atlantic for the resources they needed.

Both agencies, according to Wright, feared American wrath over suspicions of Soviet infiltration of British intelligence. The suspicions began with the 1951 defections to Moscow of British foreign service officers Guy Burgess and Donald Maclean, and continued to poison the trans-Atlantic relationship through the 1970s.

Among Wright's disclosures:

■ As chief scientist for MI5 during the 1950s, Wright successfully reproduced a new form of resonance microphone developed by the Soviets and discovered hidden in the office of the U.S. ambassador in Moscow. The Americans subsequently ordered 12 of the devices, and made another 20 themselves, for their own use in Soviet Bloc embassies.

During the late 1950s and 1960s, until more sophisticated listening methods were developed, Britain used the device to bug the Soviet Embassy and Consulate in London, as well as the Hungarian, Polish, Egyptian, Cypriot and Indonesian missions here. Lancaster House, where numerous conferences were held leading to the independence of British colonies in Africa and Asia, was bugged, as were buildings around London where various international trade conferences were held.

Efforts to install a listening device in the West German Embassy failed, according to Wright. The French Embassy was bugged to listen to discussions about Britain's application to enter the European Economic Community, and to pass information along to the Americans about the French independent nuclear force. Wright says the Americans also installed their own bug in the French Embassy in Washington.

■ British assassination plots were launched in the late 1950s against Egyptian leader Gamal Abdel Nasser and Cypriot guerrilla leader Col. George Grivas. Both plots failed, but the techniques developed, including the planned use of poison nerve gas against Nasser, interested the CIA.

According to Wright, the CIA asked in 1961 for British technical assistance in its plans to assassinate Cuban leader Fidel Castro.

MARGARET THATCHER
... rules out probe of charges

"We're developing a new capability in the company to handle these kinds of problems, and we're in the market for the requisite expertise," Wright quotes senior CIA officer Bill Harvey as telling him in Washington.

■ In 1965, president Lyndon Johnson became so concerned about possible Soviet infiltration in Britain that he ordered the Foreign Intelligence Advisory Board to conduct a secret review of MI5 and MI6 in London. The result of the study, which Wright describes as espionage against a friendly government, was a "devastating critique" that led CIA counterintelligence chief James J. Angleton to propose a plan to station CIA agents inside MI5.

Playing on Britain's need for U.S. intelligence resources, Wright says, "they wanted MI5 as a supplicant client, rather than as a well-disposed but independent ally." Learning of the investigation, MI5 protested that it was a "blatant abuse" of the alliance, and the incident nearly led to the expulsion of a leading CIA official here.

■ The first allegations against Wilson were made by Angleton, who in 1965 made a special trip here to tell MI5 that U.S. intelligence had information that the British prime minister "was a Soviet agent." Angleton, according to Wright, refused to divulge details unless MI5 could assure him the information would not fall into "political hands," presumably those of the Wilson government. The British could not make that guarantee, and the information was filed away here under the code name "Oatsheaf."

In 1967, Wright flew to Washington to query Angleton again. Angleton said that "an agent of his . . .

'lotted Against Prime Minister

HAROLD WILSON
. . . "I accept that."

had heard that Wilson had clandestine meetings very occasionally with the Russians," but that the source was "no longer available."

A CIA connection to the Wilson story also has been recounted in the recently published book "The Second Oldest Profession," a history of modern spying by British author Phillip Knightley. Knightley writes that shortly before Wilson's resignation in 1976, when he believed both MI5 and MI6 were plotting against him, the prime minister secretly sent an emissary to Washington to ask the CIA what it knew.

In response, then-CIA director George Bush flew to London to assure Wilson there had been no U.S. involvement. The day before his meeting with Bush, however, Wilson resigned.

In his book, Wright does not explain his decision to break the contract of silence that virtually every British intelligence officer has adhered to, and that the Thatcher government has accused him of breaching in the Australia case. But the manuscript, and what is known of MI5 during the period he served there, provide some answers.

Wright makes repeated reference to MI5's failure to provide for its former employes, allegedly cheating them, including himself, out of deserved pensions and rewards. Another recurring theme is the inability of top intelligence chiefs—described by Wright as a clubbish upper-class crowd more interested in the Times crossword puzzle than in systematic intelligence work—to listen to the advice of scientists and activists like him.

Knightley, who said he read Wright's manuscript during a visit to Australia, described Wright in an interview as a classic "boffin."

In British slang, "boffins" are "the backroom boys, the unrecognized scientists" who resent "the flashy ones at the top," Knightley said. They see themselves as the true workers and achievers, deprived of credit, and tend to hold grudges when they are not listened to.

In Wright's case, he has long resented the failure of British governments to believe his charges, and those of some of his MI5 colleagues, against Hollis, who headed the agency until 1966.

But aside from Wright's circumstantial and hypothetical case against Hollis, Knightley and other seasoned observers of British intelligence point out that much of his book is based on detailed accounts of events in which Wright himself participated, first as MI5's chief scientist and later as its head of research and informal liaison officer to U.S. intelligence.

Wright describes his early years with MI5 as a "fun" period during which he and his colleagues "bugged and burgled our way across London at [the] State's behest, whilst pompous bowler-hatted civil servants in Whitehall pretended to look the other way."

These endeavors were aided, he says, by the British post office, which shared part of its headquarters with a permanent MI5 mail interception team. The post office also ran the telephone exchange system, and shared information and assisted in bugging. According to Wright, additional help frequently was obtained from newspapers and broadcasters who were in MI5's pocket.

Wright is critical of the lack of a comprehensive clearance process for MI5 agents. His own introduction into the service, he says, consisted of a light-hearted interview in which he was asked if he'd ever been a communist or a "queer." During training, he says, he was told of the service's "Eleventh Commandment . . . Thou shalt not get caught."

It was this lack of a clearance procedure, Wright says, that allowed so many British communists and fellow travelers from the 1930s to enter British intelligence.

Wright spent much of the 1960s in a massive MI5 effort, instigated partly in response to American suspicions, to reinvestigate the "Oxbridge" crowd from where proven spies like Burgess, Maclean and MI6 double agent Kim Philby had emerged.

As a result of his "vetting of an entire generation," Wright says, he discovered as many as 40 "probable" Soviet spies, many of whom he names in the book. Few prosecutions or even interrogations resulted, however, because of what Wright maintains was the reluctance of senior officials to cause a political stir or increase American worries still further.

It was also during this period that MI5, spurred in part by the Angleton report, began to investigate Wilson. Wright says his own suspicions had begun with the mysterious death in 1963 of Labor Party leader Hugh Gaitskill. Gaitskill, on the party's right, was replaced as leader by the left-wing Wilson, who 18 months later was elected prime minster.

According to Wright, MI5, with assistance from Angleton, investigated the possibility that Gaitskill had been poisoned by the Soviets, who were believed to prefer Wilson.

Wilson had at one time worked as the representative of an East-West trading company, and MI5 began secretly to track his association with Eastern European acquaintances of that period. But the inquiries eventually petered out, and in 1970, Labor lost the election to the Conservative Party led by Edward Heath.

In 1974, when Heath and the Conservatives appeared likely to be replaced again by the Labor Party with Wilson still at its head, the Wilson investigations were revived.

According to Wright, a group of senior MI5 officers met with him to propose a plan to discredit Wilson.

"The plan was simple," Wright says. "In the run-up to the election . . . MI5 would arrange for details of the intelligence about leading Labor Party figures, but especially Wilson, to be leaked to sympathetic press men . . . . word of the material contained in MI5 files, and the fact that Wilson was considered a security risk, would be passed around."

Wright says he balked at participation in the plot, and refused to allow the conspirators, who he said eventually numbered about 30, or "half the senior staff," to gain access to the Gaitskill file.

Despite the smear campaign, Wilson was able to form a minority government after the 1974 election. But the MI5 campaign against him continued, according to Wright, who says that in the summer of 1975 he reported it to then MI6 head Oldfield.

Wright says that Oldfield warned that news of the plot could "blow up" on the intelligence services.

At Oldfield's urging, Wright says he reported the conspiracy to then MI5 director general Michael Hanley, who asked him for the names of those involved.

"I need to protect them," Wright says Hanley told him.

SUBJECT MASTER

SECRET AND PERSONAL

(11) BM

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

SECURITY SERVICE ALLEGATIONS: SIR JAMES CALLAGHAN

The Prime Minister discussed with you this afternoon your line for your meeting this evening with Sir James Callaghan, in the light of the advice set out in your minute to me of today. Sir Percy Cradock was present.

The Prime Minister said that she would not want to make any statement about an inquiry while the Wright case proceeded.

THIS IS A COPY. THE ORIGINAL IS RETAINED UNDER SECTION 3 (4) OF THE PUBLIC RECORDS ACT

The Prime Minister went on to say that if Sir James demanded an inquiry, she would stand firm. Her backbenchers would, no doubt, react vigorously to any such suggestion on his part; they considered that an inquiry would cause considerable discredit to the Labour Party. She believed that an inquiry would damage the Security Service, and would be particularly damaging for the work of the Service in Northern Ireland at this dangerous time in the Province's affairs. The current difficulty arose from the fact that present Ministers could not, and past Ministers were unwilling, to stand up for the Security Service. The plain fact would be that if Sir James continued to press for an inquiry, he would be accepting the word of Messrs Wright, Holroyd and Wallace against that of the present Director General, Sir Michael Hanley, Mr. Wharton and Mr. Brooks.

After further discussion it was agreed that you should take the following line with Sir James tonight:

- the entire interview should be on strict Privy Counsellor terms;

- he should be reminded of the situation in 1977 when, in similar circumstances, he had sent you to see Mrs. Thatcher on two occasions;

- the allegations now circulating were, to a large extent, embroideries on those current in 1977;

- the Director General had, on his own volition, instituted a detailed internal inquiry into the allegations. You should describe the outcome of that inquiry on the lines set out in the attachments to your minute;

- you should emphasise that the existence, let alone the outcome, of this inquiry could not be made public because of the consequences for the Australian case;

- the Prime Minister saw no need for an inquiry. Even if she was so minded, the legal advice placed a formidable obstacle in the way of one;

- when the case was over, the Prime Minister would as she has already said "... consider carefully any questions that are put to us in the light of the usual customs and conventions." (Hansard, col. 691, 20 November 1986). He might be reminded that she had not been backward in making statements on security matters when she believed it proper to do so;

- the Prime Minister believes that an inquiry would not help and would damage the Security Service;

- you should remind him that the Security Service would expect just as much loyalty from him now as it did from her in 1977;

- she was ready to see Sir James, in due course, to hear his views on the future management, targeting and structure of the Security Service.

I am sending a copy of this minute to Sir Percy Cradock.

N.L.W.

N.L. WICKS
5 May 1987

SECRET

SECRET AND PERSONAL

CCB/KP 10

PRIME MINISTER

SECURITY SERVICE ALLEGATIONS: SIR JAMES CALLAGHAN

In his minute below, Sir Robert Armstrong seeks his marching orders for his discussion this evening with Sir James Callaghan. I advise some caution in giving Sir Robert all he requests.

(i) Paragraph 6 of his minute sets out the structure for his discussion with Sir James. This looks sensible.

(ii) The main brief on the particular allegations is set out in the attachment to the minute. It is a straightforward and thorough answer to the main allegations. Sir Robert's main task must be to take Sir James through each new allegation, one by one, to show why the Security authorities believe them to be groundless.

(iii) In paragraphs 7-9 of his minute, Sir Robert discusses whether he should use the state of the Wright case as a reason for not having an inquiry now. Please note in particular Sir Robert's paragraph 9. As he says, the effect of his argument is that we would be agreeing

> "... not that there should be no inquiry but that the question whether there should be an inquiry should not be decided until after the Australian case is over".

d.is

This would be an ingenuous argument if you had firmly decided that there should never be an inquiry into this matter.

(iv) Sir Robert attaches to his minute a letter which the DG would be prepared to send to you. He asks for your authority to show a copy of the letter to Sir James.

I see no harm in either the DG writing or Sir Robert showing the letter to Sir James. But this should be on the explicit understanding that you have given no undertaking whatsoever

SECRET

that the DG's letter or any version of it should be published.

(v) Sir Robert finishes his minute with the statement that he has concluded that

> "whatever the outcome of my meeting with Sir James Callaghan the Prime Minister will need to make a statement later this week."

NO

Sir Robert goes on to seek your authority to let Sir James Callaghan know that you are minded to make a statement on the lines he described.

No Statement

I am sure that Sir Robert is wrong here. Maybe, you will have to make a statement this week. But that is not in prospect for the moment. There is certainly nothing to be gained, and potentially a lot to be lost, by telling Sir James that you are contemplating a statement.

N.L.W.

(N. L. WICKS)
5 May 1987

THE NATIONAL ARCHIVES

DEPARTMENT/SERIES Prem 19 PIECE/ITEM 2506 (one piece/item number)	Date and sign
Extract details: Minute dated 5th of May 1987	
CLOSED UNDER FOI EXEMPTION	
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TOE NATIONAL ARCHIVES	
DEPARTMENT/SERIES PREM 19 PIECE/ITEM 2506 (one piece/item number)	Date and sign
Extract details: Brief for Sir Robert Armstrong's conversation with Sir James Callaghan dated 4 May 1987	
CLOSED UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	22/9/2023 CWayland
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THE NATIONAL ARCHIVES

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 2506 (one piece/item number)	Date and sign
Extract details: Note on Allegations (undated)	
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THE NATIONAL ARCHIVES

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 2506 (one piece/item number)	Date and sign
Extract details: Draft letter to the Prime Minister (undated)	
CLOSED UNDER FOI EXEMPTION	
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From: THE PRIVATE SECRETARY

CONFIDENTIAL

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SWIH 9AT

5 May 1987

Dear Richard,

PETER WRIGHT CASE

ATTACHED

The Home Secretary has seen the Solicitor General's minute of 1 May about the reports in two Australian newspapers on the Wright manuscript. He is content with the course of action proposed.

Copies of this letter go to the Private Secretaries to members of OD(DIS), the Lord Advocate and Sir Robert Armstrong.

Yours,
Stephen

S W BOYS SMITH

M Saunders, Esq.,

CONFIDENTIAL

Seen by PM.

SECRET AND PERSONAL

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8A

Ref. A087/1222

MR WICKS

I understand that the Prime Minister would like to be reminded of what was said at the two meetings which I had with her, on the then Prime Minister's instructions, on 9 and 11 August 1977.

2. I attach notes of the two meetings, based on my contemporary records.

RCA

ROBERT ARMSTRONG

5 May 1987

SECRET AND PERSONAL

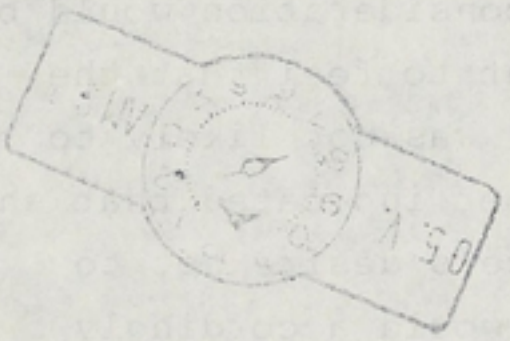
Note of a Meeting on 11 August 1977

At the Prime Minister's request I called on Mrs Thatcher at her home in Chelsea on Thursday, 11 August 1977 at 9.15 pm.

2. I said that I had given the Prime Minister a report on the talk which she and I had had on 9 August. He had been reflecting on the position since then, and had now asked me to let her know he was now more minded not to institute an inquiry into the allegations of unauthorised electronic surveillance at 10 Downing Street, but to seek to dispose of that and other allegations by means of a statement making it clear that he had looked into all these matters very closely himself.

3. Mrs Thatcher said that, as I would know from what she had said on 9 August, she would prefer not to have an inquiry, if that could be avoided; she would therefore welcome the direction in which the Prime Minister's mind was moving, and would be content if he eventually decided to take that course.

4. Mrs Thatcher asked what the view of the Security Service would be, and whether they would wish to have an inquiry for the purpose of clearing their name. I said that I thought that they did not regard an inquiry as essential for that purpose; they would be content with a clear statement of confidence by the Prime Minister. They were, however, very anxious to avoid becoming a political football, and that consideration would be very much in their minds. They would want to feel that the course decided upon by the Prime Minister was not likely to be challenged by the Opposition. Mrs Thatcher indicated that she understood and shared the Security Service's desire not to become a political football and that she would accordingly accept and support a decision by the Prime Minister not to institute an inquiry into the "bugging" allegation but to seek to dispose of that and other allegations by means of a statement.



THE NATIONAL ARCHIVES

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 2506 (one piece/item number)	Date and sign
Extract details: Note of a meeting on 9 August 1977	
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Prem 19/2506/2

Part 2 of 2

CONFIDENTIAL

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

5 May 1987

Dear Richard,

PETER WRIGHT CASE

The Prime Minister has seen the Solicitor General's minute of 1 May about the reports in the two Australian newspapers of the contents of the Wright manuscript.

Subject to the agreement of other Ministers, the Prime Minister is content with the course of action proposed by the Solicitor General.

I am sending a copy of this letter to the Private Secretaries to members of OD(DIS), the Lord Advocate and Sir Robert Armstrong.

Yours ever,

Nigel Wicks

N. L. WICKS

Michael Saunders, Esq.,
Law Officers' Department

CONFIDENTIAL

SECRET

File (8)

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

5 May 1987

Dear Michael,

POSSIBLE INQUIRY INTO ALLEGATIONS AGAINST THE SECURITY SERVICE

I have shown the Prime Minister the note of the telephone conversation between the Treasury Solicitor and Mr. Simos, which was attached to your letter of 1 May.

The Prime Minister thinks this is very helpful, indeed conclusive, ammunition, against an inquiry. She thinks that Sir Robert Armstrong can make some of these points to Sir James Callaghan when he sees him today.

I am copying this letter to Mike Eland (Lord President's Office), Tony Galsworthy (Foreign and Commonwealth Office), Stephen Boys Smith (Home Office), Sir Robert Armstrong, Sir Brian Cubbon, Sir Antony Duff and Sir Percy Cradock.

Nigel Wicks

N. L. WICKS

Michael Saunders, Esq.,
Law Officers' Department

SECRET

Prem 19/2506

£ Newspaper cuttings inside =

"Daily Express" – 4 May 1987

–SPOTLIGHT SHINING INTO A MURKY WORLD–

Anger as MP names 'six more' in MI5 row

Campbell-Savours

GOVERNMENT anger is growing over the naming of former MI5 officers by Labour MP Dale Campbell-Savours.

The names were published in House of Commons motions submitted by Mr Campbell-Savours last week.

The six people have no right to challenge the allegations made against them in the courts because the motions are covered by Parliamentary privilege.

The motions are unlikely ever to be debated and serve little purpose except to publicise the claim that the

By PETER HITCHENS
Defence Correspondent

six took part in an alleged plot against Harold Wilson's government 13 years ago.

It is aimed also to put pressure on Mrs Thatcher to call for a full-scale inquiry.

Her aides made it clear over the weekend however that she would not be swayed from her original decision not to launch an investigation.

If any further action is to be initiated it will be up to former Prime Minister Sir James Callaghan to speak out about the inquiry carried out during his premiership in 1977.

Mrs Thatcher has always maintained that the Wright allegations were dealt with then.

Merlyn Rees, Home Secretary at the time, still insists it only dealt with bugging claims.

The six named on the order paper are expected to remain silent.

But "insiders" say an investigation of some members of Lord Wilson's circle was "legitimate" because it was feared they were security risks.

Jon Akass: Page 9

MP 'led plot to keep Benn from power'

by JOHN PASSMORE and BARRY GARDNER

A SURVEILLANCE expert has claimed that Tory MP Airey Neave, killed by an IRA bomb, discussed a plot to ensure Tony Benn never became Prime Minister.

Lee Tracey says he was offered a part in the conspiracy, just before the 1979 election, when he was told that "violent action" would be needed if the Labour MP ever came to power.

Mr Tracey, 62, who runs Technical Support Services, a surveillance consultancy firm based in Acton, said: "I met Mr Neave after being approached by people who told me that if the Tories won the election he would be in charge of the security services.

"He wanted to bring in new people who had no allegiance to MI5. My job would be to train them in surveillance. We met for 10 minutes or so, and I remember he had this thing about Benn.

"He believed that if he got into power that would be the end of democracy, and violent action would be necessary to restore it. His whole attitude was that Tony Benn must not be allowed to become Prime Minister."

Supported

Mr Neave, then shadow Northern Ireland Secretary is alleged to have asked if he could count on Mr Tracey. "I said I supported him and everything he believed in," he said.

Details of the plot come amid new claims that Mr Neave was asked to join MI5 in a conspiracy to oust Harold Wilson when he was Prime Minister.

Mr Neave's widow, Baroness Airey of Abingdon, said she could not comment

MP Dale Campbell-Savours, Labour member for Workington, yesterday renewed his call for an immediate inquiry into the claims of a plot against oust Harold Wilson. He has tabled a Commons motion naming five MI5 agents accused of taking part in the plot.

London Daily News — 4 May 1987.

FORMER CIVIL SERVANT DENIES HE IS AGENT WHO PLOTTED TO OUST WILSON

Watching eyes at the window

I SPY: Mr Wharton takes a closer look at the world through his binoculars Pictures: TIM ANDERSON

I'm no spy says Harry Wharton — then he spies on us

by PHIL PARRY

RETIRED civil servant Harold Wharton has denied that he was involved in a plot to overthrow Harold Wilson as prime minister.

He insisted that he was the victim of mistaken identity, then retreated to his conservatory and trained binoculars on a TODAY photographer.

The 66-year-old former defence ministry under-secretary also threatened to sue the Labour MP who said a man named Harry Wharton had played a key role in the plot.

Labour's Dale Campbell-Savours claimed Mr Wharton was the MI5 controller of newspaper magnate Cecil King, a key figure in the alleged plot.

But Mr Wharton, who left the Ministry of Defence in 1980, angrily denied that he was the man.

"It's not me and I don't know how the confusion arose," he said outside his bungalow in the village of East Knoyle, near Salisbury, Wiltshire.

"I never met Mr King in my life.

"I have nothing to say. I don't know how the confusion with my name has arisen."

He threatened to sue if Mr Campbell-Savours repeated the allegations outside Parliament.

Lunatic

And he called former intelligence chief Peter Wright, whose book the government has fought to ban, a "rambling old lunatic in Australia".

Mr Wharton, a parish councillor, is standing for election on Thursday, and gives his first name as Harry on the nomination papers.

Mr Wharton and his wife Janet are well known in the village. In 1978, he was made a CBE in the birthday honours list.

He was described then as a senior technical adivser. But he refused to discuss his work at the Ministry of Defence.

MP: there's more to tell

by MARTIN PHILLIPS

LABOUR MP Dale Campbell-Savours is set to disclose more damning evidence of an alleged MI5 plot to topple Harold Wilson's government.

The Workington MP has already named six MI5 agents he says were involved in a secret service smear-campaign.

"I know everything there is to be known about it," he said yesterday. "You can look forward to more disclosures."

As more evidence emerged, the question arose of who were the power-brokers who sanctioned the plot.

Former MI5 chief Sir Martin Furnival Jones and Wilson's successor, Sir James Callaghan, both refused to comment.

But Marcia Falkender, Lord Wilson's former private secretary, did call for a government inquiry.

And Labour MPs are expected to keep the spotlight on a scandal which could hurt the Tories in an election run-up.

Yesterday's allegations centred on claims that Airey Neave, the man who masterminded Mrs Thatcher's rise to power, was approached by spymaster Peter Wright to join the plot.

And a former secret serviceman claimed that similar tactics were used to oust Ted Heath in favour of a more right-wing Tory leader, smear Jeremy Thorpe to prevent the Liberals forming a coalition with Labour, and ensure James Callaghan became Prime Minister as "the lesser of many evils".

It is not suggested that either Mrs Thatcher or Sir James knew of any covert moves.

The security source said the plots "must have been sanctioned right at the top".

NOTHING TO HIDE: Mr Wharton at his home

BEGINNING IN TODAY TOMORROW

SPYING IS THEIR TRADE

Who's who and what's what in the murky world of espionage. By WILLIAM GARNER

"Today" — 4 May 1987

Britain derided as spy plot claims cross Atlantic

Wright's secrets exposed in US

By Michael White
in Washington

The British Government's protracted campaign to prevent publication of the Peter Wright memoirs yesterday sustained a major setback when his allegations of incompetence and subversion by British intelligence — including efforts to undermine Harold Wilson's premiership — were splashed across the front page of a leading American newspaper and syndicated to 400 media outlets throughout the United States and Canada.

According to the Washington Post the retired MI5 agent's book Spycatcher reveals his old counter-intelligence agency as "frequently incompetent

Letters, page 10

and characterised by systematic abuses of power and illegal acts, including efforts to spy on and overthrow Harold Wilson when he was Prime Minister."

The synopsis, based on a copy of the Wright manuscript obtained by the paper's London correspondent, Karen De Young, describes an organisation that operated outside the control or knowledge of the government of the day.

According to the paper, MI5 routinely used other British institutions, from the Post Office to the media, to further its aims, and covered up its more questionable activities.

Miss De Young describes the "fun" period at the beginning of Wright's 21-year service when he and his colleagues "bugged and burgled their way across London at United States' behest, while pompous bowler-hatted civil servants in Whitehall pretended to look the other way." MI5's Eleventh Commandment, she concludes, was "thou shalt not get caught."

Many of the allegations which the Washington Post—one of the handful of major American newspapers—shared with its elite readers in the US capital have already surfaced elsewhere. Some were reported as a result of the Government's unsuccessful attempt to suppress the Wright memoirs in a Sydney court last winter. Others were revealed in Britain under parliamentary privilege.

But the sight of elaborate accounts of British diplomatic and political life and personalities during the past 20 years being presented to American readers at a time when it cannot be properly reported in Britain evoked memories of the future Duchess of Windsor's Ipswich divorce in 1936 and other occasions when Establishment clout or the Official Secrets Act have kept the public in the dark about British affairs.

While US tabloids gleefully reported Edward VIII's future bride with such headlines as "King's Moll Reno'd in Wolsey's home town", in 1936 the press lords engineered a blackout in Britain.

Because of the injunctions obtained against it by the British Government, The Guardian cannot report the details of the Washington Post's revelations.

The Post concludes that Mr Wright's primary focus is on proving his long-held belief that Sir Roger Hollis, the late head of MI5, was a Soviet agent. "But the manuscript also details two decades of day-to-day intelligence activities, from the bugging of embassies of both friends and foes by London and Washington to plots to assassinate heads of foreign governments."

British assassination plots, it confirmed, included Egypt's Colonel Nasser and the Cypriot guerrilla leader, Colonel Grivas.

A recurring theme is the conviction among senior MI5 officers that Harold Wilson's East/West trade links in the fifties had somehow made him an intelligence risk.

Though Wright's own suspicions, the Post reports, had begun with the mysterious death in 1963 of the Labour Party leader, Hugh Gaitskell, and Wilson's succession, they were fuelled as early as 1965 by James Jesus Angleton, then head of the CIA counter-intelligence, who had persuaded himself that the British prime minister was a Soviet agent.

Angleton refused to divulge details of his charge unless the information was guaranteed not to fall into political hands. The question of the four-times prime minister's reliability recurred over the years, the Post recorded.

In 1974, when Heath and the Conservatives appeared likely to be replaced by the Labour

Turn to back page, col. 5

Labour to make more MI5 claims

By David Hencke,
Westminster Correspondent

MORE MI5 officers are certain to be named by the Labour Party in the next few days as part of renewed pressure to persuade the Prime Minister to set up an inquiry into the allegations that the secret service plotted to destabilise the Wilson Government in 1974.

The names will include both past and present members of the service.

These moves will be made in tandem with a top level meeting agreed by the shadow cabinet to persuade Sir James Callaghan, the former Labour prime minister, to call for an inquiry into the allegations by former MI5 officer Mr Peter Wright in his banned book.

Pressure has already risen considerably by the naming of five new former officers by Mr Dale Campbell-Savours, Labour MP for Workington, under parliamentary privilege.

These are Mr Tony Brooks; Mr Peter de Wesselow; Mr Frederick Otley; Ms Elizabeth Gordon; and Mr Fitz Fletcher.

Conservative backbenchers indicated last night that they were not likely to oppose an inquiry and some MPs were puzzled that the Prime Minister had not acted to defuse the issue by calling one.

Conservative whips have however, had to lean heavily on one rightwing Tory MP, who wanted to name alleged Russian spies in the House of Commons to give credence to some of the more fanciful claims by MI5.

An inquiry could also be welcomed by MI5 itself as the only way senior officers can see to clear the organisation's name and reputation.

Mr Tam Dalyell, Labour MP for Linlithgow, has provided the party with more evidence of "dirty tricks" by MI5 officers during the early 1970s by depositing with Mr Larry Whitty, the party's general secretary, a copy of what he says is an "authentic MI5 forgery of Swiss bank statement of an account belonging to Mr Ian Paisley," the Democratic Unionist Party leader.

This forgery, he said, bore similar hallmarks to a forged Swiss bank account statement created by MI5 to discredit Lord Glenamara, who as Ted Short was deputy leader of the Labour Party under Harold Wilson.

Mr Dalyell, who is finishing a book which covers this period, confirmed that Lord Glenamara was burgled twice at the time.

According to Mr Alan Williams, Labour MP for Swansea West, who was his parliamentary private secretary at the time, personal papers were stolen and later one allegation "so preposterous that I could not mention it" was made.

Mr Dalyell also said yesterday that a series of burglaries were made involving nearly everybody employed at Downing Street.

These involved, among others, Mr John Allen, the son of a former Labour MP; Lord Donoghue, chief policy adviser; Lord Goodman; and Mr Michael Halls, the private secretary.

This series of burglaries has known to have puzzled some of Lord Wilson's closest colleagues at the time including Mr Peter Shore, a close friend of Sir James Callaghan and Lord Wilson.

The disclosures in the Wright affair are now calling into question these series of incidents which at the time were not thought to have any connection with the security services.

MPs on both sides of the House thought yesterday that the continual disclosures and allegations could make an inquiry inevitable.

Officers ready to bring their case into the open

By Richard Norton-Taylor

There were clear signs over the weekend that MI5 officials are so concerned about the increasingly detailed allegations of a campaign against the Labour government in the mid-1970s that they want to explain their case even at the expense of an inquiry.

This potentially significant shift in their position came after a total of six former MI5 officers were named in an Early Day Motion in the Commons one minute before business closed last Friday by the Labour MP, Mr Dale Campbell-Savours. He said yesterday that he would use parliamentary privilege to identify another official who made a statement to the Sunday Telegraph yesterday.

The newspaper quoted an anonymous senior serving MI5 officer who, it said, wanted Mrs Thatcher to mount an official inquiry "to clear my name of a great slander." Another MI5 source was quoted anonymously in the Sunday Times as saying that the security service would have nothing to fear from an inquiry and that it was time for some kind of independent overview of MI5.

The Sunday Telegraph quoted its source as saying: "This was not a plot to unseat Wilson but an operation to look into the potential disloyalty to this country of some of the people in his circle . . . You are not talking of rightwing zealots, but of people who genuinely felt they had uncovered a threat to the nation."

Mr Campbell-Savours said yesterday that this statement "had the ring of a feeble excuse." He added: "The outrageous admission that an operation did take place makes an inquiry utterly inevitable."

The view that the security service was simply doing its job is shared by Mr Chapman Pincher and Mr Nigel West, two authors of books on MI5 who, according to evidence accepted by the judge in the Peter Wright spy book trial in Sydney last year received help from former officers of the

Turn to back page, col. 2

The Guardian
4 May 1987

Officers ready to bring case into open

Continued from page one

security service with the Government's knowledge.

It is known, however, that officials in both the CIA and MI5 claimed that Mr Harold Wilson himself was a security risk, that a smear campaign was engineered from Northern Ireland in the mid-1970s against him among other politicians, and that some former intelligence officers still firmly believe that his decision to resign in 1976 was related to the activities of MI5, despite the vehement denials of some of his former close advisers.

Spurred on by officials in the CIA who made no secret of their opposition to Labour, MI5 built up a file on Mr Wilson, now Lord Wilson of Rievaulk, which recorded his frequent visits to eastern Europe and his friendship with Lord Kagan. Before he became prime minister, Mr Wilson sometimes visited eastern Europe as representative of a trading company.

It is believed that one of the officials named by Mr Campbell-Savours last week visited Mr Wilson, after he became prime minister and told him that MI5, through a defector, had learned that one of Lord Kagan's close friends, Mr Dick Vaygaukas, was a member of a Soviet trade mission and a KGB agent.

It is now being widely reported, however, that some members of MI5 wanted to use the file to discredit Mr Wilson when he was returned to power in 1974. Lord Wilson said last week that Sir John Hunt, then cabinet secretary, tried to put a stop to the smear campaign.

Sir Michael Hanley, then the director-general of MI5, who is still alive, would be a key witness at an inquiry, as would Lord Rothschild. Speaking for the first time about some of the allegations, Lord Rothschild told the Sunday Telegraph: "It has been reported in the press that I dissuaded Mr Peter Wright from engaging in a plot to destabilise the government of Harold Wilson.

"If there had been such a plot and I had heard about it, I would certainly have tried to dissuade anyone from engaging in such palpable rubbish."

The Sun - 4 May 1987

MI5 'TREASON PLOTTERS' ARE NAMED BY MP

By TONY SNOW

FIVE MI5 agents accused of plotting to topple Harold Wilson's Labour government have been named by an MP.

Under the protection of Parliamentary privilege, Labour's Dale Campbell-Savours put down a Commons motion claiming they were "conspirators in a treasonable plot" during the 1970s.

Banned

He also asked Mrs Thatcher what action was taken against them when they were identified to MI5 head Sir Michael Hanley in 1975.

Mr Campbell-Savours named the agents only as Brooks, Fletcher, de Westelow, Otley, and Gordon. Some are still serving.

The "conspiracy" was revealed in the banned book Spycatcher by former agent Peter Wright.

Yesterday MI5 sources said the "plotters" were on official duties, probing Wilson's inner circle.

They added that the operation had his approval following a Russian defector's claims that his office had been infiltrated by the KGB.

"The Times" 8 May 87

Pressure grows over MI5 'plot'

Doubts on Wilson's friends at root of security inquiries

By Paul Vallely

Charges and counter-charges over an alleged plot within MI5 to undermine the governments of Harold Wilson and Edward Heath have clogged the columns of the British Press in the past seven days.

Controversy has arisen since details were first published of the claims contained in Peter Wright's book, *Spycatcher*, which the Government is seeking to suppress through legal action in Australia.

Some of the reports, such as the one that the Duke of Edinburgh flew a spy helicopter over the Soviet Embassy in London, strain credibility.

Most of the other accounts are speculative or at best circumstantial. But collectively they may well increase the mounting pressure on the Government to hold an inquiry.

Mr Wright's allegations and those of the complementary press reporting centre on a politically motivated and treasonable conspiracy by 30 MI5 officers to force Harold Wilson from office by leaking embarrassing security reports, some fictitious, to right-wing Fleet Street journalists and union officials.

The plot was then allegedly extended to Edward Heath's government in an attempt to subvert its conciliatory policy in Northern Ireland which included plans to abolish Stormont.

The present Government has refused to set up a new inquiry.

Mrs Margaret Thatcher has repeatedly taken refuge in the fact that in 1977 the Callaghan administration said it had conducted "detailed inquiries into the recent allegations about the security service and is satisfied that they do not constitute grounds for lack of confidence in the competence and impartiality of the security service or for instituting a special inquiry".

Although Harold Wilson (now Lord Wilson of Rievaulx) and Sir James Callaghan are remaining silent on the substance of the matter other senior Labour politicians are pressing for a new investigation.

Mr Merlyn Rees, then home secretary, has disclosed that the 1977 investigation was only into the narrow issue of whether Mr Wilson's offices had been bugged.

The wider implications of Mr Wright's allegations were outside the scope of that review, he has said.

Yesterday Lord Glenamara, formerly Mr Edward Short, the deputy leader of the Labour Party, also called for an inquiry.

He said that in the light of Mr Wright's book he was convinced that two burglaries on his flat in London in 1974 were carried out by MI5.

Mr Wilson's principal private secretary, Mr Michael Halls, his personal and political secretary, Lady Falkender, and his office manager, Mr Tony Field, were also burgled, presumably by MI5. Mr Wilson himself was burgled eight times, he was reported as saying.

The origins of the conspiracy are said to lie with an attempt in the early 1960s by right-wing sections of the Labour Party to use the security services to obtain information to discredit individuals on the left of the party.

A committee under the then Mr George Brown is claimed to have authorized the launch of an MI5 investigation into east European contacts of the left.

Bolstered by a series of reports from Soviet-block defectors who made repeated allegations of KGB influence among the Labour left and in particular among the personal friends and political allies of Mr Wilson, MI5 responded enthusiastically.

It was particularly suspicious of Joseph Kagan (later ennobled in Mr Wilson's controversial resignation honours list) who had fled from eastern Europe after the Second World War.

Other suspects are reported to include Rudy Sternberg (the late Lord Plurenden), a businessman with wide contacts in East Germany; Sigmund Sternberg, a Hungarian emigré who made a fortune in scrap metal; Frank Schon, an Austrian-Jewish businessman (also ennobled and who later offered Lord Wilson a place on his payroll); Stephen Swingler, a left-wing Labour MP, now dead, who Barbara Castle's diaries recorded as "dabbling in east Europe too much"; Niall McDermott, a junior minister who left his wife for a Russian girl in Geneva; John Stonehouse, who was named by a Czech defector in 1969 and who later faked his own suicide, and Bernard Floud, who after MI5 questioning for security clearance as a junior minister gassed himself.

The reliability of such reports seems to have varied wildly.

One unsubstantiated report from the American Central Intelligence Agency, which had also been involved, even suggested that Mr Wilson himself had been a Soviet agent.

Such a claim has now been derided by almost all informed participants but the fact that it was seriously entertained is an indication of the atmosphere in which the conspiracy was said to be conducted.

Some apologists for MI5, while conceding the veracity of some such activity, claim that it was intended not to undermine Mr Wilson but to save him from his own lack of judgement in selecting the company he kept.

Mr Wright was an assistant director of MI5 and at one time the personal consultant to the head of the organization on counter-espionage. But in his early days he was a scientific adviser to the service.

His first contact with the issue was said to have been a visit to Porton Down to investigate the viability of claims that the former Labour leader, Hugh Gaitskill, who had died suddenly, had been assassinated by the KGB to free the leadership post for the left-wing Harold Wilson.

Mr Wilson had already made 19 visits to the Soviet Union, many as the employee of a timber importer after he left the Board of Trade in the Clement Attlee government.

The results were inconclusive and the MI5 investigation which continued was intensified when the prime minister tried to appoint an outsider as head of MI5.

Mr Wright's central allegation is understood to be that in 1973 a small group with direct links to the upper echelons of the Conservative Party approached him requesting leaks from the MI5 files on Harold Wilson and the Labour Party.

They were looking for damaging reports to leak to the media, right-wing trade unionists and Conservative MPS.

Two of these names are still so secret that they do not even appear in the copies of Mr Wright's manuscript which have circulated secretly in Britain.

But it is claimed that the Conservative MP, Mr Airey Neave, who was later a key figure in Mrs Thatcher's election as party leader, was involved along with a number of dissident senior Army officers.

That politically motivated plot is said to have been extended to the subsequent Heath government which, parts of MI5 felt, according to an agent quoted in one newspaper, was "weak, wet and beyond redemption".

The plan was to secure a hard-line right wing government.

An attempt was made to smear Mr Heath when MI5 agents tried to persuade a Czech defector to claim that a homosexual Czech organist had been set to "entrap" the Conservative prime minister on a visit to Prague.

The contents of files on Mr Heath's security adviser, Lord Rothschild, also began to be leaked, with the veiled allegation that he too was subject to KGB influence.

It is said that Mr Heath is considering making a public statement.

Spymaster's dossier on 'treason'

Among the allegations which Mr Peter Wright, author of *Spycatcher*, apparently details, include 23 crimes and 12 acts of treason, are claims that:

● MI5 officers illegally conducted telephone bugging and letter interception.

Among the victims were said to be Harold Wilson, his secretary, Lady Falkender, his lawyer, Lord Goodman, and his senior policy adviser, Mr Bernard Donoughue.

● An unsuccessful attempt was made to lure a Labour minister, Mr Tony Benn, into a sex scandal and to fabricate documents which indicated that Mr Edward Short had substantial funds in an illicit Swiss bank account.

● MI5 agents infiltrated the Ulster Defence Association and in 1974 fomented a general strike to destroy the Government's new power-sharing scheme.

It also manufactured false bank statements to imply that the Rev Ian Paisley and Mr John Hume, of the Social Democratic and Labour Party, were lining their pockets from party funds.

● A compromising MI5 file on the relationship between the Liberal leader, Mr Jeremy Thorpe, and his friend, Mr Norman Scott, was leaked to Conservative Central Office (where Lord Carrington subsequently dismissed it).

● Masonic and "old boy" networks convisitently organized cover-ups within the service.

But given the present attitude of Mrs Thatcher, who seems determined that no inquiry will take place, whether any or all of these allegations is warranted may never be known.

Cast of characters in Mr Wright's plot and Mr Callaghan (top) at the time of the Kagan and the late Lord Plurenden (su Stephen Swingler, a left-wing Labour M Flood, who was questioned by MI5 a

Controlling role in plot is denied

By Robin Young

The man who, it is claimed, was the MI5 spymaster who controlled the activities of Mr Cecil King, the former newspaper proprietor, in plotting against the Wilson government, said yesterday: "The whole story seems to come from some old man who is fussed about his pension and is trying to get his own back on the security service. I want to be involved as little as possible."

Mr Harold Wharton, who retired from the Ministry of Defence as an under-secretary in 1980, said he had instructed solicitors to sue Mr Dale Campbell-Savours, Labour MP for Workington, if he repeats outside the House of Commons the allegation that he was the MI5 controller of Mr King.

Mr Wharton, who is standing for re-election on Thursday as a parish councillor in a village near Salisbury in Wiltshire, said he had never met Mr King.

"I did once meet his successor as chairman of IPC newspapers, Mr Hugh Cudlipp, at a meeting of the Paternosters Club at the Waldorf Hotel about 20 years ago, but I did not know Mr King at all", he said. The Paternosters' membership, he said, included "most of the editors in Fleet Street".

Mr Wharton agreed that he had known Mr Peter Wright, the former MI5 agent who is said to have claimed that Mr King worked for MI5 and attempted to foment a coup against Mr Wilson's premiership.

Mr Wharton said: "Not only was I not one of the members of the security service who Mr Wright claims were plotting against Mr Wilson, I had never heard of their existence. It sounds to me like the murmurings of an embittered old man".

Mr Wharton, who was made CBE in 1978, said that he could not describe his work for the Ministry of Defence.

"No one could, because of the Official Secrets Act", he said.

Wilson cleared of threat

Continued from page 1

night it was understandable that people were becoming concerned about the way the Security Service was being overseen.

"The idea that the Secretary to the Cabinet (Sir Robert Armstrong) can keep an eye on them in his spare time is not satisfactory."

The former official criticized the recent naming by Mr Dale Campbell-Savours, the Labour MP for Workington, of ex-former MI5 officers allegedly involved in the anti-Wilson campaign.

Many of the details of the MI5 "dirty tricks campaign" in the 1970s were sent to Mrs Thatcher in November 1984 by Mr Colin Wallace, a former military intelligence officer in Northern Ireland.

Last night he said: "I sent her a 300-page file which gave her all the background to the MI5 action which was codenamed Operation Clockwork Orange 1 and Clockwork Orange 2. She acknowledged it but I heard nothing more."

"Daily Telegraph" – 4 May 1987

Inquiry on 'MI5 plot' inevitable, says MP

By Charles Laurence and Quentin Cowdry

STATEMENTS by MI5 officers that the alleged plot against the Wilson government was a legitimate investigation into some of his associates amounted to a "clear admission" and made an official inquiry inevitable, Mr Dale Campbell-Savours, Labour MP for Workington, said last night.

A motion naming five MI5 officers allegedly involved in a plot to bring down the Wilson government was tabled for tomorrow's Commons order paper by Mr Campbell-Savours at the end of last week.

The five are identified on the order paper only by their surnames—Brooks, de Wesselow, Otley, Gordon and Fletcher. It was the naming of them under the cloak of parliamentary privilege that prompted the first public response from MI5 officers to growing allegations of the plot.

The motion says the five were conspirators in a "treasonable plot to bring about the downfall" of Lord Wilson, then Mr Harold Wilson, during his final term as Prime Minister and claims that they were identified in 1975 to Sir Michael Hanley, then director general of MI5.

'Great slander'

The response from senior officers of MI5 came in The Sunday Telegraph. They poured scorn on the conspiracy theories propounded by Mr Peter Wright in his banned book Spycatcher, the source of the Wilson plot allegations. One called on Mrs Thatcher to give way to demands for an official inquiry "to clear my name of a great slander".

The MI5 officers said that the "plotters", far from trying to destabilise the Wilson government, were carrying out their duties by "checking out" some members of the then Prime Minister's circle.

Far from being a conspiracy to bring down a government, "the operation was aimed at protecting the government from damage by subversive elements," they said.

Mr Campbell-Savours said: "The statements by an unnamed officer of the security services are a clear admission that an 'operation'—his word—did take place

"These statements have the ring of a feeble excuse and are littered with the cliches one has grown to expect from some people in British politics."

Wilson cleared of KGB threat in MI5 inquiry

By Michael Evans, Defence Correspondent

An investigation of claims by Soviet and Czech defectors that the Wilson Government had been penetrated by the KGB was carried out secretly by MI5 in the late 1960s and early 1970s.

The investigation was ordered officially by Sir Martin Furnival Jones, the then director-general of MI5, because of increasing concern over alarming allegations, particularly those made by the Soviet defector, Mr Anatoli Golitsin, and a Czech, Mr Josif Frolik.

Mr Golitsin had been in American hands and was being debriefed by the CIA. Mr Frolik was a walking encyclopaedia of information about Russian influence in Britain.

But although the inquiry produced minor embarrassments, no evidence was found of any Soviet penetration of the Labour hierarchy.

Last night, a former senior Whitehall Civil Servant said that it would have been "a dereliction of duty" on the part of MI5 not to have investigated the allegations.

"I think that if somebody like Furnival Jones had any suggestion that, for example, a prime minister or ministers or even a member of the opposition were being bugged or their staff penetrated by Soviet intelligence, he would have a plain duty to investigate it", the official said.

However, the official inquiry ordered by Sir Martin was unconnected with the subsequent alleged dirty tricks campaign against the Labour leadership by "extreme right wing" members of the Security Service.

The former official confirmed that in the 1970s there were a number of right-wing members of the security service and among army officers in Northern Ireland, where much of the alleged dirty tricks campaign originated.

But he said: "There was no suggestion at that time of a genuine plot to overthrow the Wilson Government.

"The extreme right-wingers in the security service live in such a curious world. They do imagine things. But they were suffering from delusions of grandeur if they thought they could bring the Government down."

The former official dismissed the claim by Mr Peter Wright, the former MI5 officer, that members of the security service had operated treasonably against the Wilson Government.

He added: "But it is true to say that when some of them in the security service find out something, particularly involving politicians, they take great glory in it and that will always go on. There were people in MI5 who were very interested, for example, in Marcia Williams" (Mr Harold Wilson's close adviser, now Lady Falkender).

Root of suspicion 5
Wright ridiculed 5

The former senior Civil Servant confirmed, however, that the investigation carried out by Mr (now Sir) James Callaghan which led to his statement in 1977 that MI5 had not acted improperly in any way, only dealt with the allegation that Downing Street and the Commons Office of Mr Wilson (now Lord Wilson of Rievaulx) had been bugged.

His recollection of the inquiry supports the statements by the former home secretary, Mr Merlyn Rees, who has insisted on several occasions that the Callaghan investigation did not cover the wide-ranging allegations of an MI5 plot against the Wilson Government which are detailed in the banned book, *Spycatcher*, by Mr Wright.

Whitehall officials claimed last week that the inquiry by Sir James had gone beyond the bugging allegation.

After the revelations over the last week about alleged past MI5 skulduggery, the former senior official said last

Continued on page 5, col 3

Prem 19/2506

10 Newspaper cuttings inside -

"The Observer" Sunday 3 May 1987.

Revealed: Thatcher backer Airey Neave was in secret talks with spymaster Peter Wright

MP names MI5 six in Wilson affair

FORMER intelligence officer Peter Wright approached Tory MP Airey Neave, a close associate of Mrs Thatcher, to join an MI5 plot to oust the then Labour Prime Minister Harold Wilson, according to *Observer* inquiries.

The approach was made in 1974, a year before Neave masterminded Mrs Thatcher's right-wing takeover of the Conservative Party from Edward Heath. Neave was killed by an IRA car bomb at the House of Commons five years later.

Six of Wright's former MI5 associates have been named by an MP under parliamentary privilege. The most senior figures he names are Tony Brooks and Harold Wharton.

Other intelligence sources have since described to us the careers of both men, who were officers in the 'K' branch of MI5 responsible for Soviet counter-espionage. This branch was closely involved in investigations into the background of Mr Wilson himself.

Four others named in a Commons motion tabled by Mr Dale Campbell-Savours, Labour MP for Workington, also had careers in counter-espionage, according to intelligence sources in

EXCLUSIVE

by DAVID LEIGH

Washington. Most were in 'D' branch, predecessor of 'K' branch, where Wright also served.

They are Peter de Wesselow, Frederick Otley, Elizabeth Gordon and 'Fitz' Fletcher.

Airey Neave, who served in the escape department MI9 in the war and himself escaped from Colditz prison camp, retained intelligence contacts when he took up a career in politics in 1953.

He emerged from relative political obscurity in 1975 to organise Tory right-wing opposition to the defeated Edward Heath. He first backed Sir Keith Joseph, then Margaret Thatcher.

Neave, who was particularly trusted by Mrs Thatcher, took over intelligence liaison for the Conservative opposition.

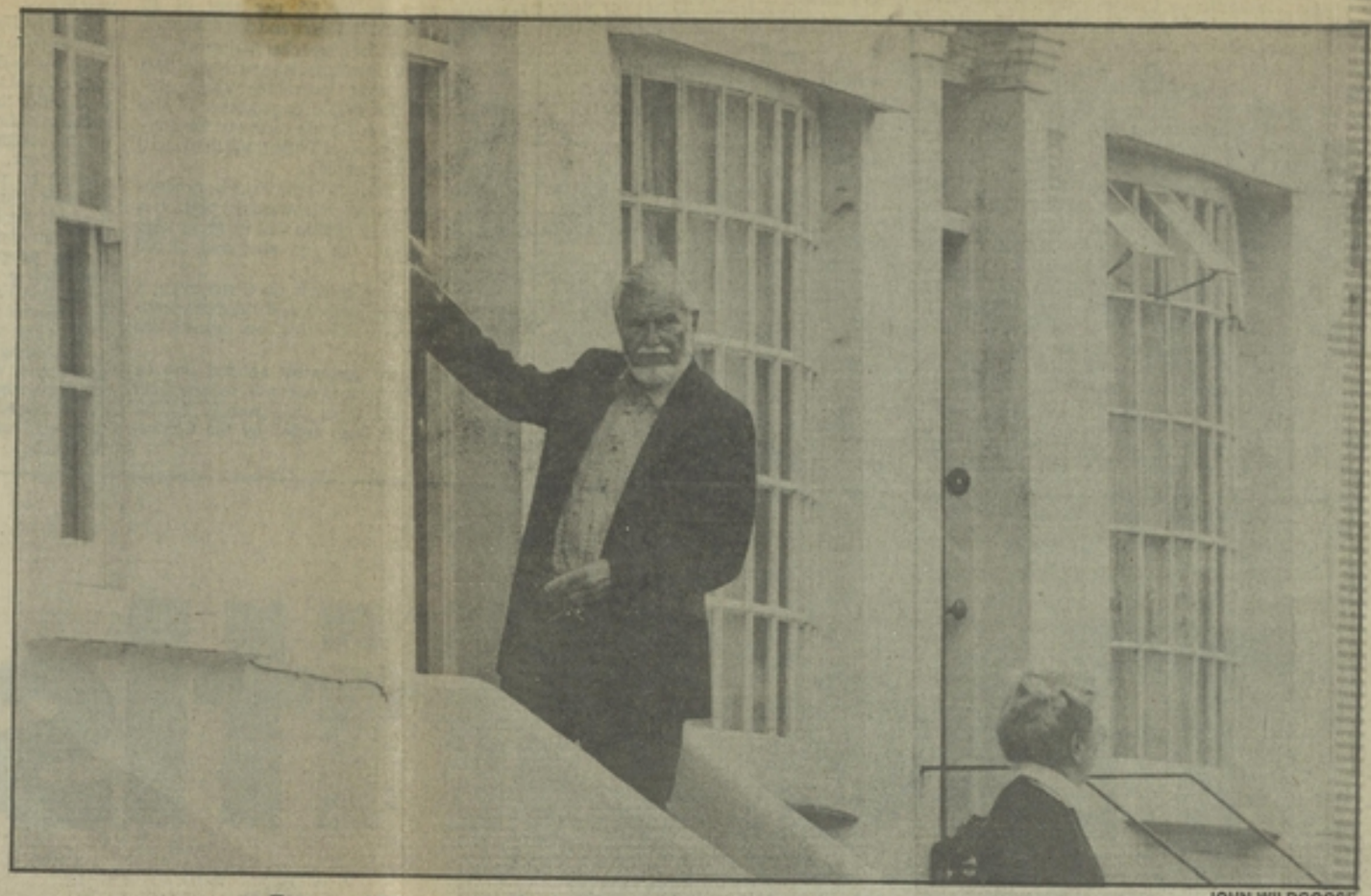
When Army propaganda officer Colin Wallace was dismissed from the Ministry of Defence in Northern Ireland, after growing protests about 'black propaganda' against Labour politicians, he was promptly re-hired privately by Neave to advise on Conservative propaganda and speeches.

'One of my intelligence colleagues suggested after my departure that I should get in contact with Neave,' Wallace said yesterday. 'I then corresponded with him, met him, and was asked for advice on the content of speeches about Northern Ireland security issues.'

The names of Wright's six MI5 colleagues were tabled by Mr Campbell-Savours in the form of two parliamentary motions last week. In his second, tabled on Friday, he calls for a statement from the Prime Minister, who has repeatedly remained silent on the affair and refused demands for an inquiry.

Tony Brooks was traced by *The Observer* to the Kensington house where he has lived since his retirement from MI5 in the mid-1970s. He refused to comment on Wright's disclosures. 'I do not talk to the Press,' he said. 'Get off my property.'

London MI5 friends of Mr Brooks later said that he was 'reluctant' to speak, but they were confident he had done nothing improper. One said: 'His work in that area was authorised at the highest level and was completely legitimate.' Brooks was involved in the inquiries surrounding Harold Wilson.



Former MI5 man Mr Tony Brooks leaving his London home with his wife.

JOHN WILDGOOSE

His earlier career was distinguished. Described as extrovert by his former Special Operations Executive trainer, Brooks parachuted into occupied France in July 1942 at the age of 20. He spent the war years working with the French resistance sabotaging German tank transporters.

After the war he joined MI6, serving in the Balkans. In the mid-1960s, he transferred to MI5 to concentrate on counter-espionage in 'D' branch. CIA sources recall him as an impressive officer.

Wharton, who retired from 'K' branch in 1980 according to his MI5 friends in London, was the man who had an interview with Harold Wilson in the early 1970s, at Wilson's request, to discuss investigations into the background of his friend Joseph Kagan.

The source also said that Wharton's job included making links with the Press and publishers, especially those who had links with Soviet journalists.

Wharton's friends deny that he was involved in any impropriety and claim that he was not interviewed in the subsequent inquiry conducted by the then head of MI5, Sir Michael Hanley.

■ The secret services will be a key factor in the general election campaign because they are working against Labour and for the Conservatives, Mr Tony Benn claimed yesterday.

'Everybody should be ready for more false and damaging stories about the Labour Party to be circulated during the general election, and be on the lookout for them,' said the Labour MP for Chesterfield at a rally in Sunderland.

■ MI5 mantrap: page 9.

Mrs Thatcher and Airey Neave, architect of her leadership triumph.

THE OBSERVER, SUNDAY 3 MAY 1987

SORDID SECRETS THAT MUST COME OUT

THE OBSERVER
8 St Andrew's Hill, London EC4V 5JA. 01-236 0202

WHEN this newspaper first revealed in 1977 that there had been a plot among MI5 officers to discredit Harold Wilson and his Labour Government, the news was greeted with scepticism, as an example of the former Prime Minister's paranoia. Ten years on, the Peter Wright memoirs confirm the story. A group of middle-ranking spies clearly *did* have Wilson in their sights and planned to bring him down.

When this newspaper began recounting Wright's version of events, it was rewarded with an injunction by Mrs Thatcher's security-obsessed administration. We were gagged and with the *Guardian* go back to court on Thursday to appeal against temporary restraints that are now almost a year old. The Thatcher Government has argued that Wright's book, 'Spycatcher,' was the rantings of an old, embittered former spy who had a grudge against his colleagues for depriving him of a proper pension. Wright's testimony, the argument ran, was bad form. The trivial information he let loose was not the point; he had broken the rules of the game and betrayed the confidences entrusted to him. If he were allowed to get away with it, the whole system of keeping State secrets would be blown part. As a headmistress would put it: what if *everyone* were to behave in this way?

A similar argument was trotted out by the wriggling Sir Robert Armstrong in the Sydney court asked to stop publication of the Wright book in Australia. The British Government case was, again, that although the revelations were in themselves of little consequence, the very fact of his breaking his oath of silence was to betray a principle which protects the best interests of the British public. No nation could afford to allow one of its former spies to spill the beans about espionage.

The logic has a certain sense to it. In a modern State, many things must be kept secret, particularly in the security field. Kiss-and-tell memoirs can be dangerous, not least to those harmed by allegations and accusations which their own vow of silence prevents them from answering.

But the Wright account of events inside MI5 is not mere tittle-tattle. He accuses a number of fellow spies of plotting to overthrow an elected British Government. What is more, when Wright blew the whistle on this unconstitutional behaviour, his superiors covered the whole matter up. It is not being melodramatic to say that democracy was seriously endangered in Britain in the mid-Seventies. Unknown to the public, the security service was in turmoil, as it tried to keep its skulduggery quiet. And the secret services, then as now, are responsible to no adequate ministerial or parliamentary scrutiny.

It might be imagined that any democrat, any good parliamentarian — especially any Prime Minister — told of this news would be urgently trying to get at the truth about the plot that Wright revealed. What exactly went on? How far up the hierarchy of MI5 did the treachery reach? Were those guilty of undermining Harold Wilson ever punished? Did the plot stretch to other prominent members of British life? Were Members of Parliament involved? If so, who were they? But not a bit of it. It was after Mrs Thatcher had read the Wright typescript that the succession of gagging writs and injunctions was set loose.

The Prime Minister has stuck to her line with a stubbornness that can seem admirable to those who think her right. Yet, despite the wall of obfuscation erected by her legal officers, the Wright stuff keeps spilling out. Last week, three more British newspapers were silenced, following the lead of *The Observer*, the *Guardian* and Wright's publishers Heinemann. But there is no putting the genie back in the bottle. Wright has been chased half-way round the world and still the secrets cannot be kept. One Australian judge has already declared himself unimpressed by the British Government's case, and there is no indication that the appeal court will overturn his verdict.

In the Commons, Mrs Thatcher has hidden behind a curious line of reasoning. Security matters affecting the administration of former Prime Ministers have nothing to do with her, she says. This is nonsense. The treachery of Anthony Blunt was announced by Mrs Thatcher, who had him stripped of his knighthood. And only 10 days ago Mrs Thatcher also stretched back into history to reveal the security risk posed by the homosexuality of Sir Maurice Oldfield, Britain's spymaster from 1973-78.

In any case, the behaviour of MI5 a decade ago *does* have a bearing on her own administration, for it must be a matter of genuine concern to the British public today that the situation exposed has been put right and that the secret services are subject to proper oversight by elected representatives.

As we have argued before in these columns, the one person who could force the Prime Minister's hand is Sir James Callaghan, for it is behind his limited inquiry into the alleged bugging of Harold Wilson's offices that Mrs Thatcher has chosen to hide. He knows that his investigation was restricted to a single subject and did not respond to the latest information about the MI5 plot against his predecessor and against the Government of which he was senior member.

Why on earth is he keeping quiet? A single telephone call to Number 10 has produced no results. If he remains silent for much longer, the whole matter will be buried beneath the rush to sweep up remaining government business before the general election. He would be doing a final good turn to his country, to his former colleagues and to his party if, in his final days as a Member of the Commons, he were to pull back the curtain concealing these sordid secrets and declare himself unequivocally in favour of a full-scale inquiry into the allegations of MI5 treachery.

"Sunday Telegraph" – Sun 3 May 1987

Revealed: MP names 'traitors'

MI5 leaps to defend Wilson plot agents

by Donald Macintyre, Ronald Payne and Robert Porter

FIVE MI5 agents accused of being "conspirators in the treasonable plot to bring about the downfall of Lord Wilson" were named last night under the protection of parliamentary privilege.

The accusation is likely to increase pressure on Mrs Thatcher, not only from MPs but from some senior security service officers, to order a full-scale inquiry into claims by Mr Peter Wright, in his banned book *Spycatcher*, that MI5 agents tried to topple the Wilson government.

Mr Dale Campbell-Savours, Labour MP for Workington, put down a Commons early day motion naming the men as—Brooks, de Westelow, Otley, Fletcher and Gordon The motion demanded to know from the Prime Minister what disciplinary action had been taken against the five "when they were identified to Sir Michael Hanley, Director General of MI5 in 1975."

The allegation provoked instant outrage in senior intelligence circles culminating in an angry rebuttal of Mr Wright's "conspiracy" claims by a senior serving MI5 officer last night.

The MI5 source broke silence to pour scorn on Mr Wright's claims and to call on Mrs Thatcher to mount an official inquiry "to clear my name of a great slander."

The security service defended itself publicly for the first time, by claiming that, far from seeking to de-stabilise the Wilson government, the so-called "plotters" were carrying out their security service duties by "checking out" some members of the then Prime Minister's circle.

The source claimed that MI5 agents were told that the operation was being conducted with the approval of Mr Wilson, and that they were investigating allegations that people close to him were connected with KGB operations in this country.

Suspicion fell on some of the people who mixed in the same circles as Lord Kagan, the raincoat manufacturer, who was a great friend and benefactor of Wilson.

The outcome of the investigation has never been disclosed and it is known that some of the figures on whom the greatest suspicion was concentrated are now dead.

The new parliamentary development came as Lord Rothschild spoke out for the first time about Peter Wright's allegations that he was the peer who talked him out of joining the so-called MI5 "plot" against Wilson.

In a Delphic statement to *The Sunday Telegraph*, Lord Rothschild neither confirmed nor denied the existence of the reported plot against Wilson.

He said: "It has been reported in the press that I, Lord Rothschild, dissuaded Mr Peter Wright from engaging in a plot to destabilise the government of Harold Wilson. If there had been such a plot and I had heard about it, I would certainly have tried to dissuade anyone from engaging in such palpable rubbish."

According to MI5 sources at least four of the men named in the Campbell-Savours motion were, or still are, intelligence officers. The only other clue to their identities is that a man named "Brooks" served as a much-decorated wartime officer in the Special Operations Executive in France.

M. R. D. Foot, in his definitive history, "SOE in France," refers to a Lieut-Col Anthony M. Brooks, who won two DSOs and an MC. He was an underground agent parachuted into wartime France under the codename "Alphonse". He is said by one close associate not to hold "Right-wing views."

"These allegations which Wright has made are totally absurd, untrue in every detail and based on a complete misapprehension of events," the MI5 source declared. "This was not a plot to unseat Wilson but an operation to look into the potential disloyalty to this country of some of the people in his circle.

"Far from being a conspiracy to bring down an elected government, the operation was aimed at protecting the government from damage by subversive elements. One well-known way to damage a country is for agents of a foreign power to gain close access to government and it is the duty of the security services to prevent this.

"You are not talking of Right-wing zealots, but of people who genuinely felt they had uncovered a threat to the nation."

Mrs Thatcher has firmly resisted calls for a new inquiry arguing that the allegations were investigated during Sir James Callaghan's premiership in 1977, and that the investigation had wide terms of reference. Mr Merlyn Rees, the former Labour Home Secretary, has continued to insist that the inquiry undertaken during the Callaghan Administration dealt mainly with accusations that Sir Harold Wilson's offices in Downing Street were bugged and that the allegations which have now surfaced from the "Spycatcher affair" were not all covered by it.

Mr Wright's book, publication of which the government is seeking to block through the courts, and extracts of which were published in the *Independent* on Monday, claims that 30 MI5 agents were engaged in a treasonable plot to bring about Wilson's downfall.

The present Attorney General Sir Michael Havers has opened contempt proceedings against the *Independent*, the London *Evening Standard* and the *London Daily News*.

Peregrine Worsthorne—P22; Robert Porter—P23

Mr Benn attending the rally in Sunderland

Benn hints at MI5 role in election

LABOUR would have to fight against the Tories and the security services during the general election campaign, Mr Anthony Wedgwood Benn, the Labour MP for Chesterfield, claimed yesterday.

He told a May Day rally at Sunderland, Tyne and Wear: "We are up against two alliances—the SDP-Liberal Alliance and the Tory-MI5 alliance."

Referring to reports about Mr Peter Wright's allegations that MI5 plotted against the Wilson government in the 1970s, he said: "The Prime Minister's refusal to investigate the charges that senior MI5 officers were engaged in a series of illegal burglaries, break-ins and attempts to destabilise an elected government has made it clear she does not with the truth to come out.

"The argument that if a crime was committed when the Tories were not in power they have no responsibility for having it investigated, does not really convince anybody. All it tells you is that the Prime Minister gave active support to what MI5 is reported to have done."

The role of MI5 and MI6 would be a central issue in the election campaign, he said, adding: "We know MI5 and MI6 were working directly against Labour and hence for the Tories in the past, and we must assume they are doing the same now.

"They and their allies in the CIA are a state within a state and pose a direct threat to democracy."

Mr Benn gave warning: "People should be ready for more false and damaging stories about the Labour Party to be circulated during the election campaign and should be on the lookout for it."

Sunday Telegraph

Wilson and security: roots of suspicion

Harold Wilson with Joseph Kagan, who was under MI5 surveillance before his arrest for fraud and theft.

Why MI5 focused its attention on the Wilson Government: not because of the Prime Minister himself but because of the activities of some members of the circle around him...by Robert Porter

WHEN Harold Wilson announced his sudden resignation in 1976, the news stunned most of his closest political and trade union friends, who clearly had no inkling of his intention.

Even the most senior union barons—the men from whom Wilson had taken his orders over economic policy—were not privy to the decision to quit. Hugh Scanlon, presiding over an engineering union conference in Eastbourne, thought I was joking when I passed the news flash to him from the Press table to the platform.

In the 11 years that have elapsed since then, no one has effectively answered the question as to why Harold Wilson went when he did. His decision to quit handed the most powerful job in British politics to James Callaghan—a man he loathed, despised and distrusted. Callaghan it was who sabotaged Wilson's and Barbara Castle's attempt to curb union power, with "In Place of Strife." By going, Wilson ensured that his foe entered the history books as the only statesman this century to hold all the major offices of State.

It was out of character for a man as devious and grudgebearing as Wilson. Out of character, that is, unless he was pushed by forces which have never adequately been revealed, and this theory has intrigued historians and commentators ever since, because it lends itself to endless speculation about the possible involvement of MI5, the CIA and even the KGB. The rumours have now been refuelled by Mr Peter Wright's claim, in his book "Spycatcher", that a Right-wing, dissident group of 30 MI5 officers did indeed plot against Wilson after his 1974 victory and during his first term in office from 1964-70.

There are grounds for arguing that the circle of people who surrounded Wilson was of such a bizarre complexion that the security services would have been failing in their duty if they had not kept a watchful eye. Joseph Kagan, of "Gannex" fame, who was granted a life peerage in the notorious 1976 Resignation Honours, was said to have been under MI5 observation in the days before his arrest and imprisonment for fraud and theft.

The late Rudy Sternberg, a key financial backer of Wilson, who was rewarded by the title of Lord Pluranding, features in a book ("The British Connection," by Richard Deacon) which claims he was the subject of a full-scale MI5 investigation over his business links with East Germany. Lord Brayley, ennobled by Wilson, died in disgrace facing criminal charges of misappropriation of large sums of money, while Sir Eric Miller, knighted by Wilson, shot himself rather than face similar charges.

Perhaps the strangest instance of all, however, is the claim in Barbara Castle's diaries that a Minister of State in the Wilson Government, Mr Stephen Swingler, had compromised himself in security terms with Iron Curtain countries. She recounts that when she "begged" Wilson to bring Swingler into the Cabinet as Transport Minister, she was told this was not possible because the security forces had a file on him.

If true, the story reeks of cynicism, because Mrs Castle makes it clear that Wilson's objection to Swingler's presence in the Cabinet was not on moral or ideological grounds, but simply because it would provide a devastating political weapon for his arch-enemy Callaghan, who was Home Secretary.

Wilson's objection, so the diaries claim, was that Callaghan would have had access to the secret service files and would have been able to discover for himself that a place had been given in the Cabinet to a man who was hopelessly compromised by his activities involving East European Governments. Callaghan would then have used this information to damage Wilson.

Swingler, Left-wing MP for Newcastle-under-Lyme, was Minister of State in Mrs Castle's Transport Department. When she pressed for his promotion, Wilson said there would be trouble over security, and her diary records: "Stephen had been doing some 'very stupid' things."

When Mrs Castle agreed to become Minister of Employment and Productivity in 1968, she again pleaded for Swingler. Her diaries record: "Harold said he would check up on the record again and see how black it was, but Stephen really had been dabbling in Eastern Europe too much. He couldn't risk giving Jim Callaghan (who had access to the security records) a weapon against him by bringing Stephen into the Cabinet if Stephen were in any way a security risk."

Swingler stayed on as a Minister of State and was involved in many influential pieces of decision-making. He moved to a similarly important post in the DHSS and died suddenly of pneumonia in 1969.

The fact that he was allowed to remain as a second-ranking minister in the Wilson Administration must have led any self-respecting MI5 official to feel that at the very least there was an alarming lack of urgency at the very highest level over matters of State security. It is also a disturbing insight into the moral bankruptcy which prevailed in those days—surely the nadir of democratic government in Britain.

Wilson's closest confidante, Marcia Williams, elevated by her master to become LadyFalkender, entertained no doubts about Swingler's outstanding ability and his invaluable assistance to Barbara Castle in putting her Transport Bill through Parliament. Writing in her book, "Inside No 10," Lady Falkender wrote: "She was very lucky to have with her Stephen Swingler, later to die tragically, since he was one of the few young men in the Labour Government who, while still on the second ministerial tier, clearly had all the qualifications for promotion to a top job."

Lord Wilson refused to comment on the Swingler incident or on any aspect of Peter Wright's allegations. Speaking from his holiday home in the Scillies, he told me: "Lots of people have written diaries, and I don't think there is anything I can say about this particular incident at all. As to the rest . . . the whole affair is sub judice."

Despite the shock waves which Wilson's resignation sent through the Labour and trade union establishment, the closest members of his "kitchen cabinet" maintain that he had always intended to quit after two years. This view is shared by Lady Falkender, Mr Joe Haines (Wilson's Press Secretary) and Bernard — now Lord — Donoughue, one of his special advisers. Mr Haines claims that Wilson had run out of ambition and wanted nothing more than to relinquish the trappings of power.

If this view is correct then it is entirely possible that Wilson had become sickened by the circus of entrepreneurs, wheeler-dealers and charlatans with which he had surrounded himself. Whatever the reasons, it seems clear that Wilson was already tired and past his best when the alleged MI5 plot against him would have been unfolding.

These were days when the very fabric of society seemed to some people to be under threat. Edward Heath had crashed to ignominious defeat at the hands of the miners. Scargill had earlier marched his men to the Saltley coke depot in Birmingham and closed it.

Wilson took office, handed the miners all they had asked for, won a second election in October, 1974, and began the policies which rendered his Government increasingly subservient to the union barons of Congress House. To embittered observers on the right it seemed as though Jack Jones and Hugh Scanlon were virtually dictating the nation's economic policies. Michael Foot, as Employment Secretary, dismantled the last vestiges of Heath's trade union legislation. It was replaced by the "social contract" which, in exchange for voluntary pay restraint by the unions, gave the TUC almost unprecedented influence in government.

Another source of unease was the close links between the Wilson-Marcia Williams faction and Israeli contacts. Critics commented on the high proportion of Jewish businessmen, particularly foreign-born entrepreneurs, who had bankrolled Wilson in the days of Opposition and were increasingly popping up in his honours lists. This was a constant source of resentment within his own party—a resentment which reached its climax after the notorious "lavender list" in which the names of those he honoured upon his resignation were scribbled on to a lavender-coloured sheet of paper by Marcia.

From the days, 30 years ago, when he was economic adviser to the timber firm of Montague L. Meyer, Wilson had enjoyed constructing East-West deals and mixing with high-flying entrepreneurs. Rudy Sternberg, who made millions out of trade with East Germany, was a man he much admired.

Others in the circle included Sir George (now Lord) Weidenfeld, the eminent publisher; Sir Samuel Fisher, vice-president of the London diamond bourse; Arieh Handler, London managing director of the International Credit Bank of Geneva, a back-up organisation for a group of Israeli financiers; Sigmund Sternberg, a Hungarian emigré who made a fortune in scrap metal; Harry (later Lord) Kissin, a Russian-Jewish lawyer who specialised in commodity trading; and Frank Schon, an Austrian-Jewish businessman who also became a life peer. Wilson went on to the payroll of Schon's company — Marchon Products — and intervened with Mikoyan to help win an order for a detergent plant in Russia—although this was clearly not while Wilson was in Government.

The Israeli Embassy was reportedly delighted at the wave of pro-Zionism which emanated from No 10 in those days. Senior civil servants took to calling the Wilson-Marcia connections the "Bar-Mitzvah Circuit" and the links caused considerable unease among Leftwing Palestinian circles of the Labour Party.

Thus was the scene set for an atmosphere of mounting concern among the security services. None of the story recounted so far is to suggest in any sense at all that Harold Wilson was a security threat or was guilty of any corruption or major impropriety which would render him unfit for high office. What it is intended to show, however, is that he lacked judgement and allowed a chain of events which, in turn, created circumstances in which there could be legitimate grounds for concern over security.

And, indeed, it has now become clear that this is what did happen. According to senior MI5 sources which have become available to *The Sunday Telegraph* only this weekend (see Page One story) the security services did suspect that the Wilson circle had been penetrated by people who were at least sympathetic to the KGB. These people used their connections to seek information at the highest levels about what was going on inside the Government of this country.

A senior MI5 source revealed to us that he and his colleagues became increasingly concerned about the background and motives of some members of the Wilson circle, especially some of those who were friendly with Lord Kagan. After a series of preliminary inquiries they took their evidence to Wilson and asked for permission to mount a thorough investigation.

According to our sources this permission was granted and an MI5 team set about researching the backgrounds of certain key figures. High on their list was, allegedly, the late Lord Pluranden, formerly Rudy Sternberg, whose links with East Germany were second to none. Sternberg was in the habit of driving around East Germany in a huge Rolls-Royce with a British flag fluttering from the radiator.

Stephen Swingler MP: Eastern bloc dabbler

These MI5 investigations took place in 1974 and 1975. The conclusions must have been handed on to Wilson, although they have never been made public. No one knows what happened or whether any guilt was ever proved. MI5 has no powers of arrest, and there is no evidence that its investigations led to any arrests by the Special Branch. It is a secret which Wilson may well take with him to the grave.

The MI5 sources claim that Peter Wright, in his book has totally misrepresented the historical position. The operation mounted by the security services was in no way aimed at de-stabilising Wilson or bringing down the elected Government by subversive means.

Instead the aim was to warn the Prime Minister that his security was being endangered by some of the company he was keeping. It was essentially an operation to *stabilise* the Government, not the opposite, as Wright and his Left-wing MP accomplices are maintaining.

According to MI5, Wright is either acting out of deliberate malice or else his mental condition is so uncertain that he has genuinely confused what happened at the time. The MI5 people involved in the operation told us this weekend that they would welcome a full-scale inquiry by Mrs Thatcher. They are bitterly angry at the political capital which is being made out of the affair by people such as Mr Dale Campbell-Savours, the Labour MP for Workington, who has this weekend put down a Commons early day motion naming five alleged MI5 agents.

The five are named in the Commons motion as:—Brooks, de Westelow, Otley, Fletcher and Gordon. A check by this newspaper has revealed that a man named "Brooks" is mentioned in M. R. D. Foot's definitive history of the wartime Special Operations Executive — "SOE in France." This gallant SOE officer was Lieut. Col. A. M. Brooks, who won two DSOs and an MC. If he is indeed the same "Brooks" as is named in the Campbell-Savours motion, his friends say this would be an outrageous slur on the honour of a distinguished and utterly patriotic gentleman.

Sadly, Lord Wilson's own recollection of past events lacks its former clarity and he has made it clear he is perfectly prepared to allow Mrs Thatcher to judge whether or not a fresh inquiry is called for. Sir James Callaghan, who conducted the 1977 inquiry, has so far declined to press for a fresh one.

The case for allowing the cloak of history to remain in place has up to now been a strong one. But if Left-wing MPs, for their own political ends, are continually to drag up names of alleged MI5 agents and accuse them of the worst crimes on the statute books, perhaps the time has come for smears made under the protection of parliamentary privilege to be put under forensic scrutiny. This can only be done if Mrs Thatcher changes her mind and orders an inquiry.

Can Japan win the trade war?

Reagan

Nakasone

Mrs Thatcher and Mr Reagan turned the heat on the Japanese last week with warnings of severe reprisals if Japan did not open up its markets to outsiders. In Washington the Japanese Prime Minister, Mr Yasuhiro Nakasone, responded to America's recently imposed penalties on certain Japanese goods by promising to introduce measures to stimulate its economy and encourage increased Japanese consumption of foreign goods. At a meeting at Downing Street, Mrs Thatcher told the Japanese Trade Minister, Mr Hajime Tamura, that Britain was tired of words and empty promises. This article examines the background to such strong representations.

by Lord Hartwell

As Prime Minister, Lord Stockton, in his already aristocratic way, used to compare the economies of Britain and America with those of ancient Greece and Rome. We provide the culture and the Americans the trade. If he were alive now, he might substitute Japan (for the Japanese do admire European culture) for America.

It certainly looks very much like it. Currently the Japanese import only half what they export, and of their imports three quarters are raw materials (of which they have none). So in manufactures Japan imports only an eighth of what it exports, leading to massive Western money deficits, bringing down the American dollar in particular and threatening a world slump.

The classical economists would tell you not to worry, provided the quality of Western goods is right. Japanese tariffs, on average, are not high. The yen is rising steadily, making foreign imports very cheap and Japanese exports very expensive. A new balance will be achieved.

The reason why this is not happening is that Japan, though a democracy, is not a free market economy. It is a corporate State which is run, not like pre-war Italy by the politicians, but by banker/industrialists (personally interchangeable).

The Japanese Prime Minister was not being hypocritical when he said he has "little influence" over the manufacturers, nor when he went on television to urge consumers to buy foreign goods (what other Prime Minister ever did that?). The economy is run by six huge industrial groups, made up of the 50 largest companies, financed by the Industrial Bank of Japan at very low rates of interest.

It is conducted through the Ministry of International Trade and Industry (MITI). Though the Minister is a politician, the executive committee is dominated by industrialists and bankers who also staff the innumerable committees. They corporately decide the "priorities" but in a very different way from the planners of George Brown's time.

In the early days of the Japanese car export onslaught, for instance, it was decided to sell at a loss, subsidised by the remainder of the big six, while securing a major share of the market. Similarly, at the moment, the priority is electronic chips whose undercutting of the American market, where they originated (remember Silicon Valley?), has outraged Washington and will move to Europe if rebuffed there.

Not for them the "horrors of the impenetrable and inefficient distribution system." The market leaders make no distinction in the severity of their competition for their own kind and for foreign companies. The little fellows are relegated to making components for their bigger brethren at low prices, necessitating low wages.

When imports are difficult to exclude, technical difficulties are artificially created. Marks & Spencer biscuits (whose quality could be higher!) were excluded because of the "uneven thickness" of each biscuit. Another manufacturer was excluded because one ingredient was spelt wrong. And so on.

When something more is required, as in the case of Britain's largest export, Scotch whisky, a tax six times that on local spirits is clapped on. Currently the retail price of Scotch is £40.

Sometimes imports are forbidden altogether, as in the case of California rice, or foreign building contractors are excluded unless they have already done business in Japan (which did not prevent their own contractors pinching the Bosphorus Bridge from Britain, at a loss).

A similar situation is arising in respect of "financial services." So far Japan has a deficit on invisibles and is attempting to correct it in the London market. There are already 60 Japanese banks in London and more are applying to come in. Meanwhile, only one British Bank, two market-makers and no fund managers have been admitted to Tokyo, on the grounds that "there is no more room." Cable & Wireless and an American company, the only companies in the world at present capable of providing modern international communications in the Far East, are being excluded, except for a tiny percentage, from the Japanese market.

Now, for the first time in a decade of mounting Japanese surpluses — last year they reached 101 billion dollars — North America and the EEC are uniting against her to force her to open up her own market.

Last week, the Japanese Prime Minister's special envoy to Washington floated the idea of a 50 billion dollar loan to the third world, but chiefly to finance yet more exports.

Paradoxically, the Japanese themselves are ceasing to benefit from their own prosperity. Since the yen is now so expensive in terms of the foreign currencies in which it is earned, profit margins in foreign trade have been squeezed and, though inflation is almost zero, unemployment and feather-bedding are emerging. The average standard of living is only half that of the United States, housing is miserable and the money coming in from abroad is being funnelled into the stock market and property. There, prices have become so high that the possibility of a "Wall Street" type crash is looming.

But did those MI5 'plotters' have a case?

THERE WAS SOMETHING a bit disturbing about the *Independent's* scoop-hungry decision last week to defy the law and publish an extract from Peter Wright's sensational book; rather as if a confirmed vegetarian were suddenly to succumb to the intoxicating temptations of red meat. The extract published, however, merely confirmed my impression of the impracticality of trying to establish the truth of Mr Wright's allegations against MI5. The web he has spun is just too finely drawn to be unravelled; the cast (mostly dead) too large. If it were Mrs Thatcher's habit to take the easy option, she would give way to the current clamour for another inquiry, in the pretty certain and cynical knowledge that it would run into the sands, after spending a lot of public money. But being Mrs Thatcher, she has done the sensible, as well as the responsible, thing: stone-wall.

Why responsible? Quite simply because any inquiry set up to establish the existence of an MI5 plot might all too easily unearth a lot of dirt about the Wilson Government which would go a long way to explain, if not excuse, MI5's alleged attempt to bring it down. In calling for an inquiry the Labour Party is taking a terrible risk. For if the MI5 plotters were to be forced into a corner, they would certainly want to defend themselves by explaining just what it was about the Wilson Government which gave them cause for acute concern. Conventional wisdom assumes that the plotters were all a lot of crazed reactionaries who saw Reds under every bed. One or two of them may have been of that ilk. But surely not the 30 mentioned by Mr Wright. If a plot of that size and scope there was, then the ugly suspicion must arise that quite a number of sane and honourable people had sound reasons for concluding that desperate measures were justified to get rid of the Wilson Government.

Of course they had no constitutional right to indulge in destabilisation. What they did, if they did do it, was outrageous. But if the details of their wrong-doing were to be brought to light by an inquiry, so also might be the details of what they felt had gone wrong in Downing Street, and that, too, might all too easily turn out to be equally outrageous and even more dangerous to the well-being of the State. In other words, the inquiry might establish not only MI5's madness, but also the method in it. That MI5 may have behaved with disgraceful impropriety is perfectly possible.

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But knowing what we do about the people around Wilson, it is equally possible that some of that seedy bunch were using the sanctuary of Downing Street to escape all the traditional methods of surveillance and control. In such circumstances—ie, when the wrong-doing is being done by the Prime Minister's trusted cronies—to whom should the secret services turn?

Constitutionally, they should turn to the Prime Minister, to whom they are responsible. But what if the Prime Minister himself is suspect? These are deep and dreadful waters, in the murk of which MI5 almost certainly lost its way. But how to tell that lesser MI5 part of the story—from which useful lessons ought to be learnt—without also revealing much about the Wilson Government which could only redound to the nation's discredit? If Mrs Thatcher were just a party politician, she would no doubt enjoy blackening the Wilson record. Fortunately, she is also concerned with the country's reputation.

Sir James Callaghan, by his silence, gives the impression that he agrees with Mrs Thatcher's refusal to set up another inquiry. He, too, seems to think that no good would come of it. Up to a point, this might suggest an Establishment cover-up. But cover-ups can serve a useful purpose, if they help to prevent unnecessary picking-off of scabs that protect wounds, the re-infection of which could all too easily poison the body politic. If this meant that the secret services remained quite unchastened, and as arrogantly inclined today to take the law into their own hands as they allegedly were in the 1970s, then that would indeed be a sorry state of affairs. But it does not. The Wilson years were quite specially awful in pretty well every respect. Never has this country come nearer to economic ruin. Its future as a great nation was desperately uncertain. Everywhere there was the stench of decay and corruption. In short, the nation got the secret services it deserved, being perhaps lucky to do so.

Those dog years are over and there is no point in agonising over diseases which need be no more than a horrid memory. Given a reasonably healthy body politic, MI5 would not dream of plotting and it would not matter much if it did, so ludicrously little chance would there be of any such plotting having the slightest chance of success. Even in the dog Wilson years, such plotting was hare-brained enough and never got anywhere; more low comedy than high tragedy. Today, usurpation of the democratic process by MI5 does not need to be a pressing concern at all, and only a party, like the Labour Party, desperate for a gimmick—or a newspaper similarly desperate—would pretend otherwise. Governments also get the secret services they deserve. Just conceivably this country will once again find the secret services flexing their muscles. But the best way to prevent this is not to have another inquiry into MI5, but to make sure that this country is never again as misgoverned as it was under Harold Wilson.

Fortunately, on present prospect, that is exactly what the electorate intends to do, at least for the next five years.

Peregrine Worsthorne

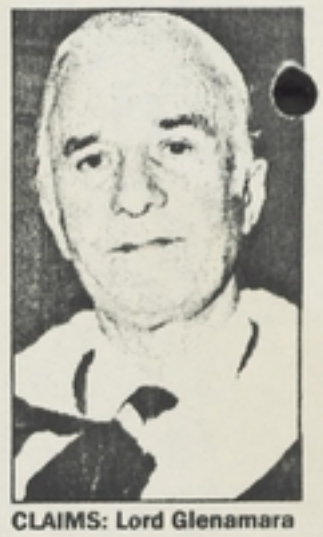
AN INDEPENDENT NEWSPAPER

MAY 3, 1987

35p (Eire 45p)

Dirty tricks department blamed for raids on Labour chief's flat

MI5 burgled Wilson deputy



CLAIMS: Lord Glenamara

EXCLUSIVE

THE deputy leader of the Labour party under Harold Wilson claimed last night he was twice burgled by secret service agents of MI5.

Ted Short, now Lord Glenamara, has never before spoken of two raids at his London flat in 1974.

But SUNDAY TODAY can reveal that he now links them directly to MI5 "dirty tricks" plotters who were trying to discredit Wilson's administration.

His claim will add to the pressure on Mrs Thatcher to launch an inquiry into alleged illegal activities of the secret service in the 70s which Lord Glenamara says amount to treason if true.

He said: "I have no doubt that there was an MI5 plot to discredit the Labour government in 1974. And now I have to say that I have no doubt the burglaries at my flat were the work of MI5 as well."

Demand

Lord Glenamara already believes that forged documents circulated in 1974, which attempted to show he had an illegal Swiss bank account, were part of an MI5 smear campaign.

He now wants former Labour prime minister Sir James Callaghan to demand an immediate inquiry. "Heaven knows why he has not done so already," he said.

by STEWART PAYNE
Chief Reporter
and TERENCE LANCASTER
Political Editor

Mrs Thatcher is believed to have made it clear that if Sir James made such a demand she would reluctantly agree.

Lord Glenamara, who was Leader of the House of Commons from 1974 to 1976, said the burglaries occurred three months apart at his flat in Pimlico, which he used when at Westminster. They were investigated by police but the culprits were never found.

On the first occasion his front door was broken open and the second time a special lock was chiselled off. Nothing was taken.

"It seems the most naive to be looking for something, but I have a point of view regarding any papers or documents in my flat."

Turn to Page 2

Wilson deputy in MI5 claim

From Page 1

said Lord Glenamara. Months later, when he asked the police if they were likely to solve the crime he received a "bureaucratic no".

Lord Glenamara said he "had his suspicions" at the time but in the light of the Peter Wright allegations that rightwing mavericks in MI5 conspired to undermine the Wilson government, he was now convinced the burglaries were their work.

And he said that other leading Labour figures at the time were also burgled including Harold Wilson's principal private secretary Michael Halls, his personal and political secretary Lady Falkender and her brother, Tony Field, who was Wilson's office manager.

Harold Wilson himself was burgled eight times.

Lord Glenamara, 74, said: "On reflection I can no longer put this down to coincidence."

He said there was now an overwhelming need for an inquiry into the allegations surrounding the British secret service.

"I, and many others, await the Peter Wright book with great interest," he said at his home in Northumbria.

Wright, whose book Spycatcher the government is trying to block, alleges that 30 senior MI5 officers were engaged in a plot to hound out Wilson.

Evidence

Mrs Thatcher has so far refused to hold an inquiry claiming that the matter was investigated at the orders of Callaghan in 1977.

Lord Glenamara, who was made a life peer in 1977, said Mrs Thatcher had a duty to order such an inquiry "when there is evidence of a breach of democracy".

And he said Callaghan should call for one. "Harold and I are not in a position to do so. But Callaghan is in the right place, the Commons."

● Labour's Tony Benn claimed yesterday that the secret services would be a key factor in the general election because they would be working against Labour and for the Conservatives. He said at Sunderland: "Everybody should be ready for more false and damaging stories about Labour to be circulated during the election campaign.

"They may come from MI5 or MI6 but the intention will be to secure the re-election of Mrs Thatcher, which is why she personally is so determined to protect them from investigation now."

■ Treason, Page 4

"Sunday Today" — Sun 3 May 1987

"The News of the World" — Sun 3 May 1987

Spy plot saga hots up

EX-MI5 man Peter Wright lost a lot of money in his Australian ventures. He badly needed more.

So he wrote a book called Spycatcher. Any part of it which is true is treachery.

Wright had sworn never to reveal any secrets. Last Monday the Independent published slices from Spycatcher.

The Government wants the Australian courts to suppress the book. That's not because it's all true.

It's because Secret Service officers tempted by money to break their oaths of secrecy must be warned off.

Most of what the Independent published sounded drivel.

Wright says that Cecil King, former chairman of Mirror Newspapers, was a long-serving MI5 agent. According to Wright, King ran a conspiracy with MI5 to discredit and destroy the Prime Minister, Harold Wilson.

What Cecil King actually did was to publish open attacks in the Mirror on Harold Wilson. So he was sacked by the pro-Labour Mirror board.

Reluctance

Now the usual gang of Labour spy maniacs demand an inquiry into what went on between 1974-76. But there was an inquiry in 1977, which revealed nothing serious. It was ordered by Mr Callaghan, then Prime Minister. So far he hasn't asked for a new inquiry.

Lord Wilson doesn't want one. Mr Anthony Wedgwood Benn and Labour MP Mr Campbell-Savours attack Mrs Thatcher for her reluctance to hold an inquiry. What's it got to do with her? She wasn't even Leader of the Tories. She wasn't Prime Minister until 1979. The two Labour Prime Ministers of the period had ample time to investigate further, but didn't. I quite believe that Mr Wright wasn't the only barmy person in MI5.

But it would be foolish everlastingly to dig up the Secret Service with inquiries. It would then hardly be secret.

Dr Owen wants politicians to supervise the Secret Service. As politicians leak like sieves, that would be crazy.

However, it might be worth examining the idea that a panel of eminent judges should keep an eye on MI5 and MI6.

We don't want any more traitors like Blunt, Burgess, Philby and MacLean flourishing undiscovered.

"The Mail on Sunday" — 3 May 1987.

MP reveals 'plotters'

AN MP has named five men he says were MI5 officers involved in a plot to bring down former Prime Minister Harold Wilson.

Labour MP Dale Campbell-Savours has signed a Commons Early Day motion asking Mrs Thatcher if the five were disciplined. He identifies them as Tony Brookes, Peter De Westelow, Frederick Otley, 'Fitz' Fletcher and Elizabeth Gordon.

By PETER DOBBIE
Political Correspondent

Campbell-Savours says the group were 'conspirators in the treasonable plot to bring about the downfall of Lord Wilson between February and October, 1974.'

He wants to know what action was taken against them after they were identified to Sir Michael Hanley, then Director-General of MI5.

The accusation follows last week's allegations by former MI5 agent Peter Wright that 30 disaffected MI5 agents plotted to bring down the Wilson administration. Extracts from his book, which the Government is fighting to stop being published, said that agents ran a smear campaign to discredit the Prime Minister and his staff.

Last night Mr Campbell-Savours refused to add to his Commons motion.

Analysis — Pages 12, 13

NAMES: Campbell-Savours

MODERATES FIGHT TO KEEP WALKER AND BIFFEN IN CABINET

MICHAEL HEATH

'Shut up!'

Tory struggle to save 'wets'

TORY wets are fighting to prevent Mrs Thatcher dumping Energy Secretary Peter Walker from her Cabinet if she wins the General Election.

Mr Walker and Commons Leader John Biffen are top of the list for the sack in her third-term Government.

By ALAN COCHRANE and PETER DOBBIE

The Prime Minister's aides are sounding out ministers and senior MPs over the sackings. She wants only Cabinet ministers whom she regards as 'dry' in the new government.

Mr Walker has surstance and lost Mrs Thatcher's support.

Moderates have not given up the fight to keep both in the Cabinet.

They say Mrs Thatcher must keep a balanced Cabinet and that dropping Mr Walker would be disastrous.

Effective

ain's nuclear industry.

Mr Walker may retain a Cabinet place if the Government's majority is much reduced at the election.

The only obstacle to a June poll is a disaster for the Tories in this Thursday's local government elections.

A press advertising campaign starting on Tuesday will boast of their value-for-money record in local government and contrast this with the spendthrift policies of Labour and Alliance councils.

ASTONISHING

I am

From Page One

war. Barbie discloses how the Allied High Command, the Vatican and the Red Cross *all* conspired to help him escape to South America in 1945.

And other surprising revelations are that:

- Barbie — as Altmann — returned secretly to West Germany, went to the States three times and, in a foolhardy act of bravado, visited Paris in 1971;
- Frenchmen, at every level of society collaborated with the Nazi occupiers;
- Barbie personally interrogated 20 British officers. He claims he did *not* mistreat them ... although war records now prove that most were executed;
- He confirms that Jean Moulin, the French resistance hero who died in Barbie's custody after 12 days of torture, was betrayed by his own countrymen.

Extermination

But almost as important are the questions he *refuses* to answer.

There have been accusations that British Intelligence helped to protect Barbie after the war, although they knew his true identity and the full extent of his crimes in Lyon when 4,000 people were executed and a further 7,000 deported — many meeting their deaths in Nazi extermination camps.

But three times, Barbie answers 'no comment' to questions about British or Allied Intelligence or whether they spirited him away in return for information.

Barbie is now a pathetic shadow of the former military machine. Yet, plagued by failing health, death threats, hate mail and scores of bizarre love-letters from women all over Europe, he still inspires respect from prison warders.

"Sunday Express" — Sun 3 May 1987.

KGB has 40,000 Labour 'targets'

from WILLIAM MASSIE in Brussels

NEARLY 40,000 members of the Labour Party in Britain have been logged as current or potential "agents of influence" in the KGB's vast computer complex outside Moscow, according to NATO intelligence sources.

The list—over a tenth of the party's total membership—includes MPs, councillors, activists and trade union members.

Soviet defectors report the list is being kept up to date by a KGB section based at the Soviet Trade Delegation's headquarters in Highgate, north London.

But politicians on the list are the responsibility of specialist officers, who work from the Soviet Embassy under diplomatic cover.

The fact that so many Labour members are listed does NOT mean they are regarded by the Russians as traitors or potential spies.

Few will even be aware that they are on a Moscow computer.

What it DOES mean is that the Russians regard them as generally sympathetic towards Soviet aims and in a position to assist—perhaps unwittingly—in creating a climate favourable to the Kremlin line.

A senior NATO source said the KGB maintained detailed records of all Socialist parties in Western Europe, but the input on Britain's Labour Party was the most comprehensive.

He claimed one of the key reasons why Mrs Thatcher is unwilling to mount an inquiry into the alleged MI5 plot against the Wilson Government is that such an investigation would expose just how much the Security Services know about KGB penetration of Labour.

MI5 Director-General Sir Anthony Duff is aware the KGB has achieved access to a number of Labour constituency membership lists in major cities and towns.

An MP names MI5 'plotters'

FIVE MI5 officers, including a woman, were named last night by a Labour MP as conspirators in a plot to bring down the Wilson Government in 1974.

The aim of the unmasking of the security men was to put pressure on Mrs Thatcher to hold an inquiry.

But the result was the reverse. It immediately became clear that the Prime Minister is now even more determined to resist.

The MI5 agents named by Labour MP Mr Dale Campbell-Savours in a Commons motion are: Tony Brooks, Peter de Wesselow, Frederick Otley, Elizabeth Gordon and "Fitz" Fletcher.

Privilege

Under the protection of Parliamentary privilege which covers such motions and which prevents any action for defamation of character, Mr Campbell-Savours says that the five "have been identified as conspirators in the treasonable plot to bring about the downfall of Lord Wilson of Rievaulx, Prime Minister between February and October 1974."

The most senior of the five named is Tony Brooks, who joined MI6 after a distinguished war career, and served in the Balkans. He transferred to MI5 in the mid-1960s to concentrate on counter-espionage, and was involved in inquiries surrounding Mr Wilson.

When Harold Wilson told in 1977 of an MI5 plot against him, it seemed far-fetched. But, as **DAVID LEIGH** explains, it was not only a plot to topple Wilson from power but an across-the-board conspiracy to undermine the elected Labour Government. Nor did it stop there. Edward Heath, Jeremy Thorpe and even MI5 spies found themselves smeared.

HOW MI5 SET A MANTRAP FOR WILSON

IT WAS Paul Greengrass, a young television producer, who first ferreted out the secret background of the Wilson plot. This electric moment came in 1985 when, on a remote Tasmanian stud-farm, a former assistant director of MI5 unexpectedly started to weep.

Greengrass, retained by the publishers Heinemann to help the elderly Peter Wright compose his memoirs, had been rummaging through piles of unsorted papers when, at the bottom of a pile of horse-feed invoices, he found a personal letter on thin blue sheets.

It was from Sir Michael Hanley, the chief of MI5 when Wilson came to power again in 1974. Buried in the friendly chatter about the holiday plans of Hanley and his wife Lorna, and details about Wright's pension problems, was a single, curious sentence. 'You will be glad to hear,' wrote Hanley, 'that the office has successfully passed its recent examinations and is doing very well.'

Greengrass instantly knew from the date that this must refer to the Prime Minister James Callaghan's inquiry into the complaint by the recently resigned Harold Wilson that MI5 had been out to get him. *The Observer* had first revealed Wilson's fears in July 1977.

Wright had always denied the existence of any 'Wilson plot.' So why on earth was Hanley sending this coded message to a man who had quit MI5 in 1976 and hidden himself in—literally—the uttermost ends of the earth?

Greengrass confronted Wright. To his astonishment, tears began to roll down the elderly spy-hunter's face. The memory had triggered shame—or perhaps relief.

A story began to spill out: its reverberations eventually led to extravagant legal attempts by Mrs Thatcher and the British Government to shut the old man's mouth.

At the last count, five Fleet Street newspapers and a major publisher are under legal gags obtained by the Attorney-General in two continents. *The Observer* still cannot be told the words of the confession by Peter Wright that evening in Tasmania, because we are under injunction after publishing our original disclosures last year.

But the truth has now irrevocably come out—through outspoken backbench MPs; through other ex-intelligence officers; through an Australian judge who revealed crucial details in open court; and—most dramatically—through the 'publish and be damned' decision of the *Independent* last Monday to print key parts of the leaked manuscript.

We have dug out from other sources what we now believe is the true story of the Wilson plot. It is a story that we first embarked on 10 years ago, and in which there are certainly more major revelations to come, particularly when Wright's memoirs are finally published. It is a story that three British Prime Ministers—for their own different reasons—apparently do not want to face.

TWENTY-SIX years ago, in 1961, the right wing of the Labour Party began a dangerous course of trying to use MI5 against those it disliked and suspected on the left wing of the party. MI5 needed little encouragement, having engaged in such activities as far back as 1924 when it circulated the fake 'Zinoviev letter' to scupper Labour's chances at the general election.

A committee under George Brown approached MI5 and asked them to put leftists under surveillance and pass on the results. This put MI5 in a ticklish position. The Labour Party had a distinct war-time residue of fellow-travellers, but the security service's initial reaction was that they were too distant from power, after 10 years of Conservative rule, to be worth bothering about.

Furthermore, they did not want to reveal their existing extensive sources within the party. Tom Driberg, the MP and homosexual, was one regular informant about politics and sexual scandal—no doubt for his own protection.

Cecil King, chairman of the Labour-supporting *Mirror* group, was another; a third was former regular soldier and MP George Wigg. There were undoubtedly others: Christopher Mayhew, a junior Minister, was approached to spy for MI5, but refused. MI5 eventually threw George Brown and his friends one titbit—Arthur Bax, the Transport House press officer, was taking money from the Czechs, they disclosed. He was quietly made to resign.

With the erosion of Conservative support a couple of years later, in the wake of the Profumo scandal, Labour suddenly came close to power. At its head was Harold Wilson, a left-winger who had succeeded to the leadership on Hugh Gaitskell's sudden death from a mysterious illness in January 1963.

Across the Atlantic, the CIA and its counter-intelligence head, James Angleton, were becoming increasingly transfixed by the revelations of Anatoli Golitsin, a defector who saw the hand of the KGB in every event.

The CIA also had a history of saving European governments from Communism, whether they liked it or not. Angleton himself had been instrumental in making sure in Rome after the war that the Italian Christian Democrats won the elections.

Security risk

It is known that Peter Wright, MI5's resident 'bolfin,' soon found himself travelling to Porton Down, the Government's germ warfare research centre, to ask whether it was possible that the right-wing Gaitskell had been poisoned by the KGB. The reasoning—Golitsyn's—was circular: Wilson, a left-winger, had succeeded him, so the KGB must have arranged Gaitskell's demise...

PORTON'S answers were inconclusive. But a file was opened on Wilson and his background researched. To MI5, the new Labour leader's social network seemed incomprehensible and suspicious. He and his political secretary, Marcia Williams (now Lady Falkender), knew a number of businessmen with contacts in Eastern Europe; MI5 didn't like the look of them.

When Wilson had left the Board of Trade in Attlee's government in 1951, he went to work for Montague Meyer, timber importers through the Iron Curtain. Sometimes accompanied by Mrs Williams, he had made 19 trips to the Soviet Union.

This proved nothing in itself. But when Wilson came to power in 1964, he tried, and failed, to appoint a policeman outsider to head MI5, a move that outraged the organisation. He said MPs were not to be targeted without reference to him. At the same time, he used MI5 briefs slavishly when it suited him—to discredit the seamen's union, for example, in the 1966 strike.

MI5 and the Labour Right found themselves in a curious harmony. Both disliked those of Wilson's Ministers who were left-wing.

WHAT followed was nothing less than an MI5 pursuit of Wilson's Ministers by Sir Martin Furnival-Jones, its then head. Whether any of it was justified is hard to say.

In early 1966, Furnival-Jones complained about the situation which had arisen over junior Minister Niall McDermott. As Harold Wilson told it to Richard Crossman: 'Niall has broken with his brilliant doctor wife and fallen in love with a Russian girl in Geneva.'

There was no suggestion McDermott had done anything disloyal, but it was suggested the KGB might try to put the woman under pressure.

McDermott decided to leave politics, but Wilson obscured the departure. He told Crossman: 'Niall's only staying in Parliament another 12 months because he's marrying again.' Crossman recorded in his diary: 'This shows Harold's very amiable tolerance of private life.' McDermott resigned in 1968 for unstated 'personal reasons' and went to Switzerland.

MI5 told Wilson in 1967 that the Labour MP Bernard Floud could not be given a junior Ministerial job without prior interrogation as a possible 'security risk.' His name had been thrown up in the aftermath of Anthony Blunt's secret confessions. After questioning, Floud gassed himself.

In 1968, the left-wing Minister Stephen Swingler was kept out of the Cabinet after Furnival-Jones had told Wilson he was a 'security risk.' What was extraordinary was that Wilson seemed to be equally wary in this matter of both James Callaghan and MI5.

Barbara Castle, in a remarkable passage in her diaries, recalls asking Wilson to promote Swingler: 'The trouble here, Harold said, was security. Stephen has been doing some very stupid things ... he would check up on the record again and see how black it was, but Stephen really had been dabbling in Eastern Europe too much. He couldn't risk giving Jim Callaghan, who (as Home Secretary) had access to the security records, a weapon against him by bringing Stephen into the Cabinet if he were in any way a security risk.'

The same year, Cecil King tried to persuade Lord Mountbatten to join an emergency businessman's government which would overthrow Wilson. That King was also evidently reporting his fantasies about coming chaos in the streets to MI5 sheds light on this. He threw his Mirror papers against Wilson, demanding his overthrow—a move that led to King's own dethronement by his board.

In 1969, a Czech defector, Josef Frolik, told the CIA that he had heard of many British names, including yet another Labour Minister, who had been compromised. This was the Postmaster-General, John Stonehouse.

Furnival-Jones confronted an exasperated Wilson again. Stonehouse denied it: the charges were unproveable and Stonehouse remained in office, though with diminished prospects. Stonehouse was later jailed for theft after a feigned suicide came unstuck.

Furnival-Jones and his men in the counter-espionage K branch had to be content with arresting and prosecuting an elderly back-bencher, Will Owen, for taking money from the Czechs.

THE REAL bombshell was not to land, however, until Wilson went out of power in 1970. Edward Heath took office and made Victor Rothschild head of the Think-Tank and unofficial intelligence controller. (Rothschild, in MI5 in the war, later secretly continued to run agents for MI6 in Iran and China, using the connections of his family bank.) Sir Michael Hanley, an MI5 insider, succeeded to the director-generalship.

It was in 1971 that another defector, Oleg Lyalin, asserted that one of Harold Wilson's own 'outsider' cronies, the Lithuanian emigré and businessman Joseph Kagan, had been assiduously cultivated all the time by the KGB.

James Angleton and the CIA also produced unsupported claims that a KGB source called 'Outshead' had implicated Wilson directly. The Prime Minister himself had been a knowing Soviet agent...

...this was a fantastic allegation. But MI5 officers—half-convinced by now that their own director-general, Sir Roger Hollis, was a Soviet spy, and knowing for a fact that Sir Anthony Blunt, Surveyor of the Queen's Pictures, was a protected traitor—were apparently capable of such fantasy.

K branch had even felt obliged to open a private file on the head of the rival service, MI6: Sir Maurice Oldfield was thought—correctly—to be a covert homosexual. They had another secret file on the leader of the Liberal Party, Jeremy Thorpe—later accused of homosexual activity and acquitted of conspiracy to murder.

In this byzantine world of intrigue, MI5 officers must have felt like gods who knew all the secrets. They became unable to distinguish fact from fantasy. And their files were the political equivalent of nitroglycerine.

VARIOUS groups sprang up after the 1973 miners' strike to help the Conservatives hold on to power. A small knot of powerful men with direct links to the Conservative Party and the City secretly approached Peter Wright in 1975, according to sources other than Wright.

They wanted him to leak to them the secret MI5 files on Wilson and the Labour Party for political advantage. But Wright was evidently too frightened to go that far. Two of these top names still lie legally barred from disclosure in Wright's manuscript—a prominent member of the Heath administration and a right-wing financier.

The collapse of Heath's Government in 1974, and the return to power of Wilson with a wafer-thin majority, was an appalling shock both to the Tory Party and to elements in MI5. The investigation into Joseph Kagan's contacts with the KGB resumed: his businesses were infiltrated. Kagan was ennobled by Wilson and later jailed for theft and false accounting.

According to others involved, Wright was approached again in 1974—as special consultant to Michael Hanley he had the run of the files. This time it was from two colleagues from K branch, with the backing of three or four old counter-espionage officers. They said up to 30 MI5 colleagues had endorsed the scheme.

Neave contacts

They wanted documents from him for their calculated plot to leak damaging material to the media, 'sympathetic trade unionists' and Conservative politicians. The purpose of their plot was to discredit the Labour Government and return the Conservatives to power. There is some evidence that the Conservative MP Airey Neave, who kept up intelligence contacts, was involved, and a number of dissident senior military officers. Neave was later killed by an IRA car bomb at the House of Commons.

Wright was dissuaded by Rothschild from acting against a Prime Minister. Rothschild may well have had reason to be troubled—for smears, rumours, forged documents and allegations of all kinds now began to circulate at dining-tables and in anonymous notes to *Private Eye*.

Heath and Rothschild themselves became targets: the Conservative Right wanted new, strong leaders. Whispers then emerged of Wilson's '99 trips to the Soviet Union': there is also documentary evidence that the contents of files on Rothschild started to be leaked.

A Belfast intelligence officer, Colin Wallace, kept dossiers at the time of his disinformation schemes, the originals of which we have seen and subjected to forensic analysis.

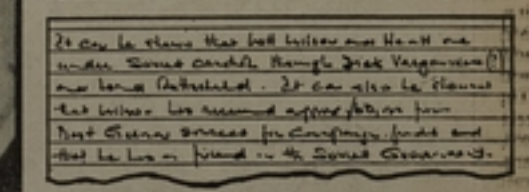
In 1974, he wrote: 'It can be shown that both Wilson and Heath are under Soviet control, through Dick Vaygauskas and Lord Rothschild. It can also be shown that Wilson has received approx. £60,000 from East German sources for campaign funds, and that he has a friend in the Soviet government.'

No one but MI5 knew about Vaygauskas—he had been Kagan's KGB would-be 'controller.' And nobody but MI5 knew that Rothschild was vulnerable to a false charge of being the 'Fourth Man,' because of the long friendship of himself and his wife with Anthony Blunt, who had not yet been publicly exposed.

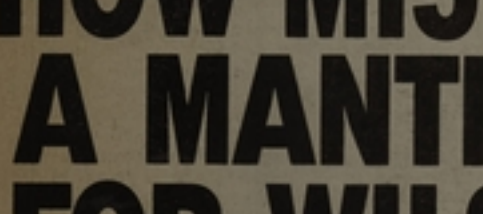
Heath was ousted from the Tory leadership in 1975, after a right-wing campaign in which Airey Neave was prominent. Wilson resigned suddenly in 1976, with a burning sense of grievance against MI5. As events turned out, the immediate beneficiary of these events was James Callaghan. The ultimate beneficiary was Margaret Thatcher.

WILSON: To MI5 the Labour leader's social network seemed incomprehensible and suspicious.

REVEALED: How *The Observer* broke the Wilson plot story in 1977...



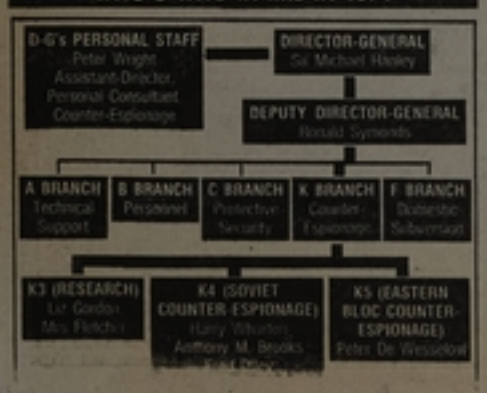
SMEARED: Wallace's note reads 'Wilson and Heath are under Soviet control ... Wilson has received £60,000 from East German sources.'



SPIES: From left, Peter Wright, in tears as he confessed; James Angleton, CIA man out to get Wilson; Victor Rothschild, a target.

LABOUR LINKS: From left, Tom Driberg, gave MI5 sexual gossip; Joseph Kagan, linked to KGB; Hugh Gaitskell, was his death murder?

WHO'S WHO IN MI5 IN 1974



SAYINGS OF THE WEEK

■ People think we do not understand our black and coloured countrymen. But there is a special relationship between us.—**Elize Botha,** wife of South Africa's President.

■ I think we're returning to a moral view which smells strongly of carbolic.—**Dr Alex Comfort,** 'Joy of Sex' author.

■ If we strike the wrong kind of deal, we could create the most profound crisis of the Nato alliance in its 40-year history.—**Richard Nixon and Dr Henry Kissinger.**

■ This hired hand is ready to take over as foreman.—**Paul Laxalt,** seeking nomination as a US presidential candidate.

■ I'm fascinated by power. Love to watch people get it, use it, then lose it.—**Sally Quinn,** author.

■ 'Pan Am takes good care of you. Marks and Spencer loves you. Securicor cares. ... At Amstrad: "We want your money."'—**Alan Sugar.**

VICTORIA WINE OF THE MONTH

TAURUS

Charge forward Taureans and buy bottles of Côtes du Roussillon from Victoria Wine. Because all we're charging this month is £2.49.

Strong silent Taureans will stampede for the full flavoured white, and we defy any bull to resist the red.

Lovers can make you snort with rage, right now, but try controlling your fiery relationship by keeping a glass of fresh fruity Côtes du Roussillon on hand. Then watch them appeal to your sturdy better nature.

Colleagues rely on you to make a firm decision, so take the bull by the horns and go for Côtes du Roussillon.

At £2.49 you can afford to be bullish.

£2.49 net price

Make friends with the wines of France.

THE VICTORIA WINE COMPANY

By law we are not allowed to sell alcohol to anyone under 18. Offers subject to availability, alterations to duty or VAT.

SOLICITOR GENERAL

ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

01-936-6407

Prime Minister

Yes * Agree to proceed as the Solicitor proposes, subject to the agreement of other Ministers? N.L.W. 1.5.

HOME SECRETARY

PETER WRIGHT CASE

As you and colleagues will know, the Attorney General was granted leave by the Divisional Court on 29 April to bring proceedings for contempt of court against the Independent and two other newspapers which on 27 April published extensive articles on the contents of the Wright manuscript. We have now heard that two Australian newspapers, the Canberra Times and The Age, carried articles on 29 April reprinted from the Independent and the Canberra Times also ran an article purporting to give further details of Wright's allegations. The question now is what, if anything, we do about the two Australian newspapers.

Our Australian Counsel have advised us that to take no action in Australia would be detrimental to the conduct of our appeal before the New South Wales Court of Appeal. I believe we would be open to criticism there if we failed to act.

It is open to us to us to bring contempt proceedings ourselves as an aggrieved party but, since in New South Wales the Court can initiate such proceedings of its own motion, Counsel's firm preference is for us first to report the matter to the Registrar of the Court of Appeal for the Court to decide whether it wants to act of its own motion. If the Court acts, the matter is taken out of our hands. If the Court declines to act, then I believe we should bring proceedings of our own, Counsel's advice being that there is no relevant distinction in substantive law terms between the law in England and the law in New South Wales

As with the English proceedings, the possibility of losing exists, but the taking of proceedings will certainly demonstrate the seriousness with which we view the Peter Wright case. I think it very important that we do not, by the

omission of any step that we may reasonably take, contribute any ground upon which the New South Wales Court of Appeal, or the High Court of Australia, might ultimately decide our case against us.

Since the decision as to what action to take in Australia is a collective one for Ministers, I would be grateful to know whether you and colleagues agree with my advice above.

I am copying this to the Prime Minister, the other members of OD(DIS), the Lord Advocate and Sir Robert Armstrong.

Patrick Mayhew

1 May 1987

01 V. 1987

cc B.U.

7

LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

ATTORNEY GENERAL

M.L. SAUNDERS
LEGAL SECRETARY

Prime Minister

Very helpful ammunition against our enquiry. RTA can make some of these points to Sir James? Agree? Yes mt NLW.

SECRET

N Wicks Esq. CBE.
Private Secretary to the
Prime Minister
Prime Minister's Office
10 Downing Street
London SW1

1 May 1987

Dear Nigel,

POSSIBLE INQUIRY INTO ALLEGATIONS AGAINST THE SECURITY SERVICE

very good - indeed conclusive

Following the Prime Minister's Meeting yesterday evening, the Solicitor General has sought the advice of our Australian lawyers on the consequences for the Peter Wright case of establishing any inquiry. I am enclosing a copy of a note of a telephone conversation between the Treasury Solicitor and Theo Simos QC.

I am copying this letter and its enclosure to the Private Secretaries to the Lord President, the Foreign Secretary and the Home Secretary, and to Sir Robert Armstrong, Sir Brian Cubbon, Sir Anthony Duff and Sir Percy Cradock.

Yours sincerely,

Michael Saunders.

SECRET

THE PETER WRIGHT CASE

Note of telephone conversation between The Treasury Solicitor and Theo Simos QC on 1 May 1987

1. Mr Bailey outlined to Mr Simos that for the purposes of contingency planning only the Government were looking at a number of options including the holding of a limited inquiry into the allegations contained in Chapter 18 of the Wright Book. Mr Bailey said that if such an inquiry were to be held it would be necessary for the inquiry to have access to the manuscript or at least part of it.

2. Mr Simos advised that the manuscript could not be used without our making application to the Court. It would be necessary to tell the Court the nature of the inquiry and its remit. If Mr Wright and the publishers did not consent to the application the Court would be likely to refuse. He said that we only had the book because of the litigation. The book is the property of Mr Wright and the publishers and they can do with it as they wish. We are only entitled to use the book for the purposes of the trial. It should be borne in mind that if we chose to use the extracts from "The Independent" we would be authenticating the fact that the extracts quoted were in fact extracts from the manuscript.

3. Whilst it would be odd for the Defendants to refuse consent to our application they might take the view that an inquiry now would report quickly which would have an adverse effect on sales, their case and potentially their Client's credibility. Even under the strictest requirements of secrecy the manuscript would have a wider currency. Mr Simos was confident that the Court would not give permission over the objection of the Defendants.

SECRET

4. Mr Bailey asked Mr Simos what effect such an application would have on our appeal to the Court of Appeal of New South Wales. Mr Simos advised that whilst it would have no direct effect on the legality of the situation it just might colour the approach of the Court. By our application we would be saying to the Court in effect that whilst we do not want the Defendants to publish the manuscript we want to use it. Mr Simos did not think that this would help us. A further downside would be that we would be dignifying those parts of the book which we wished to use and would be making a rod for our own backs on the question of public interest. This is very important. The Defendants can use the fact that the British Government considers the allegations sufficiently important to have an inquiry as a good argument in support of their contention that it is in the public interest that they should be allowed to publish. Whilst this argument is not correct in law it is superficially attractive and therefore such an application to use the manuscript would not be to our advantage.

JBB

1.5.87

SECRET

01. V.
PM 8 7

HOUSE OF COMMONS
LONDON SW1A 0AA

PERSONAL & URGENT.

R 2/5

1.5.87

Dear Prime Minister,

It occurs to me that you may find the attached papers of some topical interest.

Unfortunately, I do not seem to be able to lay my hands on Callaghan's reply to my letter of July 2, 1978. But you will of course recall that he still refused to re-open any enquiry into the Stonehouse affair.

Yours sincerely,

Cranley Onslow.

Rt.Hon. Mrs. Margaret Thatcher, MP,
10, Downing Street,
London SW1.

THE NATIONAL ARCHIVES

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 2506 (one piece/item number)	Date and sign
Extract details: letter dated 4 June 98	
CLOSED UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	22/9/2023 CWayland
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
NUMBER NOT USED	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	

10 DOWNING STREET

THE PRIME MINISTER

28 June 1978

Dear M. Onslow,

Thank you for your letter of 7 June about the allegations that John Stonehouse was a Czechoslovak agent.

I am satisfied that the statement which Sir Harold Wilson made in December 1974 was made in good faith and was based on advice given in good faith on the basis of all the information available at that time. Since I received your letter I think you may know that I have been informed of a very recent interview with Josef Frolik and that the record of this is to be made available to me. I should prefer to study this before deciding whether there are grounds for further investigation and, if so, what form this should take.

Yours sincerely,

Jim Callaghan

Cranley Onslow, Esq., MP.

THE NATIONAL ARCHIVES

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 2506 (one piece/item number)	Date and sign
Extract details: Letter dated 2 July 1978	
CLOSED UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	22/9/2023 C Wayland
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
NUMBER NOT USED	
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PRIME MINISTER

POINTS

The Sunday Times has an opinion poll out this week-end.

In the meantime, I understand that the Church of England is being its usual helpful self.

Archbishop Runcie, according to the Sunday Times, is backing the TUC campaign in support of the public services, and had to this end invited the TUC Neddy 6 to Lambeth Palace. Michael Jones says the Archbishop probably does not appreciate the kind of political stuff the TUC is putting out in support of the campaign.

The Bishop of Manchester has been sounding off about further trade union legislation. He argues that it will further divide a country already divided in terms of health and wealth.

The Hands Across Britain demonstration against unemployment on Sunday will start with a church service in Liverpool.

On a slightly more interesting note, we have managed to cool things down on Mi5, though no doubt the conspiracy theory will come to full flower in the Sundays. I told the Sunday Lobby that we expected as much and were quite relaxed. There wasn't however going to be an inquiry.

I subsequently found the attached interesting contribution on the subject by Roy Mason MP, printed so far as I can see only in the Glasgow Herald.

B Ingham
May 1, 1987.

Forget MI5, Mason tells back benchers

By GEOFFREY PARKHOUSE
Political Editor

FORMER Labour Cabinet Minister Mr Roy Mason last night hit out at his back bench colleagues for spending valuable parliamentary and media time on "the red herrings of spy stories and such like" which do not win votes.

Mr Mason, Defence Secretary in the last Labour Government and privy to some Secret Service knowledge, appeared to be voicing the views of both Lord Wilson and Sir James Callaghan — who made no move yesterday to demand an inquiry into MI5 activities after he had been briefed by the Prime Minister's staff at No. 10.

Mr Mason, who also served as Northern Ireland Secretary, claims that Labour must concentrate on preserving the health service, pensions, and trade unions.

"The Wright revelations are about happenings 14 years ago. Well, the MI5 dirty tricks brigade failed, didn't they? That is if they seriously tried. Where was the destabilisation? They never troubled us, upset us, destabilised us or managed to shift any of us.

"In retrospect they have been made to look politically naive and foolish. I doubt if any steps to establish an inquiry into their destabilising doings will be taken before a General Election, but I suppose, to satisfy Parliament's general desire and the media's curiosity, it will be done eventually."

Mr Mason concludes: "So let the Labour Party deal with spy mania in due time — meanwhile, forget it and get on with fighting the Tories on the bread-and-butter issues that are immediately affecting our people."

Mr Mason was reacting to his own party's demands in the Commons that the Government should not prosecute newspapers for contempt in revealing extracts of the book Spycatcher, by ex-MI5 agent Peter Wright, which the Government is trying to suppress both here and in Australia. Mrs Thatcher claimed that she is not responsible for events that may have taken place before she took office and she does not regard another inquiry as proper.

Mr Wright alleges that 30 MI5 officers sought to destabilise the Wilson Government and claims that the former Prime Minister was bugged by electronic devices planted in No. 10 Downing Street. In the Commons Labour MPs have claimed that Mrs Thatcher should set up an inquiry on the ground that if Mr Wright is correct the British Secret Service was indulging in acts of sedition which threatened the democratic process.

Sir James Callaghan held an inquiry when he followed Lord Wilson as Prime Minister and this did not indicate that his predecessor had been bugged by the Secret Service. On Tuesday evening Sir James phoned No. 10 to seek guidance about the matter and received it. Since then he has made no move to demand a new inquiry. Nor has Lord Wilson, on holiday at his home in the Scilly Islands.

Mr Mason last night appeared to be reflecting the views of his former Cabinet colleagues which carry additional authority in his position as a Privy Councillor who is not standing again for Parliament at the next election.

Liberal leader David Steel told a Westminster news conference yesterday that the issue involved in the Wright affair is not his indiscretion in writing a book about his experience as a MI5 agent but whether his allegations of treachery in the Secret Service are true.

● The Attorney-General, Sir Michael Havers, was given permission by the High Court in London yesterday to bring contempt of court proceedings against three newspapers and their editors who published details from Mr Wright's book.

GLASGOW HERALD
THURSDAY APRIL 30, 1987

PERSONAL AND CONFIDENTIAL

SLHAIL

File

cc: HO (Sir B. Cubbon) (& Private Office)
LPO
FCO
LAD
Sir A. Duff
CO
Sir P. Cradock

10 DOWNING STREET

LONDON SW1A 2AA

1 May 1987

THE PRIME MINISTER

Dear Sir James.

Thank you for your letter of 30 April concerning the allegations about the Security Service.

You said on 23 August 1977 that you had made detailed enquiries into the recent allegations before you reached the conclusions you then announced.

You will recall that those allegations, including those mentioned by Peter Blaker in his speech in the House on 28 July 1977, ranged very widely. I have had this confirmed from an analysis of the contemporary newspapers.

You sent Sir Robert Armstrong to let me know in advance how you proposed to respond to the allegations. I accepted without question the course you adopted and the conclusions you reached.

Just as you sent Sir Robert Armstrong to tell me how you were dealing with the 1977 allegations, I would like to send him to give you a private account of how matters now stand.

I, too, believe that it is important to avoid any undermining of the morale, and effectiveness, of those who are now serving in these vital services.

Yours sincerely,

Margaret Thatcher

The Rt. Hon. Sir James Callaghan, K.G., M.P.

PERSONAL AND CONFIDENTIAL

DSG

File

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

1 May 1987

Dear Brian,

Many thanks to you, and to the other recipients of this letter, for their help today with the letter for Sir James Callaghan.

The Prime Minister has now signed a reply broadly on the lines of the draft I circulated earlier today, and I enclose a copy of her letter.

We are arranging to deliver the letter to Sir James at his London address this evening.

I am sending copies of this letter and its enclosure to Stephen Boys Smith (Home Secretary's Office), Mike Eland (Lord President's Office), Tony Galsworthy (Foreign and Commonwealth Office), Michael Saunders (Law Officers Department), Sir Antony Duff, Sir Percy Cradock and to Trevor Woolley (Cabinet Office). Please could everyone note that the letter to Sir James has been classified "Personal and Confidential", and treat its circulation within Departments accordingly.

Yours ever,

Nigel Wicks

N. L. Wicks

Sir Brian Cubbon, G.C.B.,
Home Office.

PERSONAL AND CONFIDENTIAL

DSG

CONFIDENTIAL

File

10 DOWNING STREET

LONDON SW1A 2AA

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1 May 1987

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Thank you for your letter of this morning, which I have shown the Prime Minister. She has suggested some drafting changes, as well as some omissions to the text you proposed. I now attach her version which takes account of these changes.

The Prime Minister will wish to reflect further on the draft in the light of any comments of recipients of this letter.

Please would you let me have comments by 1530 hours today.

I am copying this leter to the Mike Eland (Lord President's Office), Tony Galsworthy (Foreign and Commonwealth Office), Michael Saunders (Law Officers' Department), Sir Antony Duff, Sir Percy Cradock and Trevor Woolley (Cabinet Office).

Yours ever

Nigel Wicks.

N. L. WICKS

HS - Marginally earlier rather than later.

Sir Brian Cubbon, G.C.B.,
Home Office

SG content says Inglese.

CONFIDENTIAL

DRAFT LETTER FROM THE PRIME MINISTER TO THE RT. HON. SIR JAMES CALLAGHAN KG, MP

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Just as you sent Robert Armstrong to tell me how you were dealing with the 1977 allegations, I would like to send him to give you a private account of how matters now stand.

Like you, I do not intend to do anything to undermine the morale and effectiveness of the Security Service, to whom we all owe so much.

SLHAIL

CONFIDENTIAL

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LONDON SW1A 2AA

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Yours ever,
Nigel Wicks.

N. L. WICKS

Sir Brian Cubbon, G.C.B.,
Home Office

CONFIDENTIAL

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SLHAIL

SRWAVG

DRAFT LETTER TO THE RT. HON. SIR JAMES CALLAGHAN, KG, MP, FROM THE PRIME MINISTER

You have been in touch with my office about the suggestions that there should be a further inquiry into the allegations concerning the Security Service in 1975-76.

I deplore strongly, as I am sure you do, what seems to be a sustained attack on the Security Service, based largely on unsubstantiated allegations. The only beneficiaries of this campaign are those who wish to undermine the freedom which it is the task of the men and women of the security and intelligence services to defend.

Regarding the stories about what the Security Service did or did not do in relation to Harold Wilson between 1974 and 1976, you yourself made a statement on 23 August 1977 about the allegations then current. An examination of those allegations makes it clear that there is in substance little that is new in what is being published now: today's stories are for the most part recognisably the same, sometimes embroidered and distorted, as those which were circulating then. As you know, I should not and do not wish to see papers relating to these matters. That does not mean that nothing has been done in relation to the allegations now current. Nevertheless, I am assured there has been an investigation in minute detail into all the papers of that time, and the allegations

which are new have also been thoroughly examined. As a result I am advised by those whose duty it is to advise Ministers on these matters - the Director General of the Security Service, the Permanent Secretary at the Home Office, and the Secretary of the Cabinet - that there is no ground whatever for thinking that the Security Service were involved in the kind of conspiracies that were alleged. I accept that advice, as I am sure you would do. It follows that it would be quite irresponsible to institute an inquiry merely in response to pressure of the kind we have been witnessing.

I should be entirely content for you to come in and read the papers on which the advice which I have been given is based, should you wish to do so.

CONFIDENTIAL

cc T. Wolley

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SWIH 9AT

SIR BRIAN CUBBON GCB
PERMANENT UNDER-SECRETARY OF STATE

1 May 1987

Dear Nigel

Here is a draft letter to Sir James Callaghan on the lines indicated at the Prime Minister's meeting last evening. I am copying it only to Tony Duff at this stage.

You and he may have immediate comments. If you like, I could then send copies to the Offices of those at last night's meeting.

You said that you would arrange for a summary to be prepared of the allegations current in 1977.

You are getting in touch with Robert Armstrong. Tony Duff is preparing the first draft of the brief for Robert's proposed call on Sir James Callaghan.

I ought to leave London by 1.45 pm today for an outside engagement. I can be reached easily by telephone; I will have the papers; I shall only be an hour from London. Please do not hesitate to let me know by lunchtime if you would like me to abort my plans.

Yours ever

Brian

N L Wicks Esq CBE

CONFIDENTIAL

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RT HON SIR JAMES CALLAGHAN KG MP

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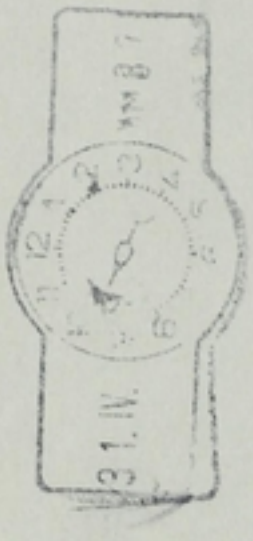
You sent Robert Armstrong to let me know in advance how you proposed to respond to the allegations. I accepted without question the course you adopted and the conclusions you reached.

I have a list of the allegations which were current at that time. They ranged very widely. They included those mentioned by Peter Blaker in his speech in the House on 28 July 1977 as well as newspaper articles.

The present Director General has of course examined the present wave of allegations, which appear largely to reflect stories current in 1977 to which your statement was directed. Just as you sent Robert Armstrong to tell me how you were dealing with the 1977 allegations, I would like to send him to give you a private account of how matters now stand.

Like you, I do not intend to do anything to undermine the morale of the Security Service, to whom we both owe so much.

You will have seen Harold Wilson's firm statement on 29 April that he was sure that the Security Service had not been engaged in any attempt to undermine him as Prime Minister.


31. IV.

CONFIDENTIAL 010

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SWIH 9AT

SIR BRIAN CUBBON GCB
PERMANENT UNDER-SECRETARY OF STATE

pa.

1 May 1987

Dear Nigel

Here is a draft letter to Sir James Callaghan on the lines indicated at the Prime Minister's meeting last evening.

I am sending a copy to the Private Secretaries to the Lord President, the Foreign and Commonwealth Secretary, the Solicitor General, Percy Cradock and Trevor Woolley.

Yours ever

Brian

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3(4)
OF THE PUBLIC RECORDS ACT

N L Wicks Esq CBE

CONFIDENTIAL

DRAFT LETTER FROM THE PRIME MINISTER TO THE
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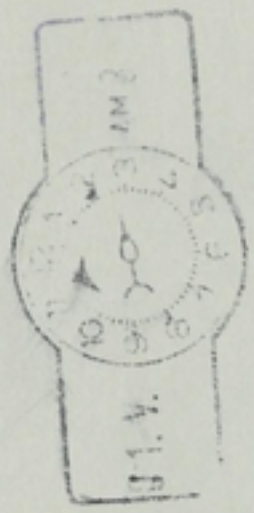
Like you, I do not intend to do anything to undermine the morale and effectiveness of the Security Service, to whom we ~~both~~ all owe so much.

You will have seen that according to the Times of 30 April, Harold Wilson has made a firm statement that he was sure that the Security Service had not been engaged in any attempt to undermine him as Prime Minister.



Forget MI5, Mason tells back benchers

By GEOFFREY PARKHOUSE
Political Editor

FORMER Labour Cabinet Minister Mr Roy Mason last night hit out at his back bench colleagues for spending valuable parliamentary and media time on "the red herrings of spy stories and such like" which do not win votes.

Mr Mason, Defence Secretary in the last Labour Government and privy to some Secret Service knowledge, appeared to be voicing the views of both Lord Wilson and Sir James Callaghan — who made no move yesterday to demand an inquiry into MI5 activities after he had been briefed by the Prime Minister's staff at No. 10.

Mr Mason, who also served as Northern Ireland Secretary, claims that Labour must concentrate on preserving the health service, pensions, and trade unions.

"The Wright revelations are about happenings 14 years ago. Well, the MI5 dirty tricks brigade failed, didn't they? That is if they seriously tried. Where was the destabilisation? They never troubled us, upset us, destabilised us or managed to shift any of us.

"In retrospect they have been made to look politically naive and foolish. I doubt if any steps to establish an inquiry into their destabilising doings will be taken before a General Election, but I suppose, to satisfy Parliament's general desire and the media's curiosity, it will be done eventually."

Mr Mason concludes: "So let the Labour Party deal with spy mania in due time — meanwhile, forget it and get on with fighting the Tories on the bread-and-butter issues that are immediately affecting our people."

Mr Mason was reacting to his own party's demands in the Commons that the Government should not prosecute newspapers for contempt in revealing extracts of the book Spycatcher, by ex-MI5 agent Peter Wright, which the Government is trying to suppress both here and in Australia. Mrs Thatcher claimed that she is not responsible for events that may have taken place before she took office and she does not regard another inquiry as proper.

Mr Wright alleges that 30 MI5 officers sought to destabilise the Wilson Government and claims that the former Prime Minister was bugged by electronic devices planted in No. 10 Downing Street. In the Commons Labour MPs have claimed that Mrs Thatcher should set up an inquiry on the ground that if Mr Wright is correct the British Secret Service was indulging in acts of sedition which threatened the democratic process.

Sir James Callaghan held an inquiry when he followed Lord Wilson as Prime Minister and this did not indicate that his predecessor had been bugged by the Secret Service. On Tuesday evening Sir James phoned No. 10 to seek guidance about the matter and received it. Since then he has made no move to demand a new inquiry. Nor has Lord Wilson, on holiday at his home in the Scilly Islands.

Mr Mason last night appeared to be reflecting the views of his former Cabinet colleagues which carry additional authority in his position as a Privy Councillor who is not standing again for Parliament at the next election.

Liberal leader David Steel told a Westminster news conference yesterday that the issue involved in the Wright affair is not his indiscretion in writing a book about his experience as a MI5 agent but whether his allegations of treachery in the Secret Service are true.

● The Attorney-General, Sir Michael Havers, was given permission by the High Court in London yesterday to bring contempt of court proceedings against three newspapers and their editors who published details from Mr Wright's book.

GLASGOW HERALD
THURSDAY APRIL 30, 1987

THE NATIONAL ARCHIVES

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Seen by PM

SECRET (5)

cc: Sir Percy Cradock

PRIME MINISTER

ALLEGATIONS CONCERNING THE SECURITY SERVICE

Some thoughts before tonight's meeting.

As I see it there are only two courses:

> We stay put, refusing calls for inquiries.
> We agree to some form of inquiry by someone outside the Government service.

Robert Armstrong has dictated from Sardinia the draft of a reply to Sir James Callaghan drawing on last evening's draft. This is attached. But I don't think this half-way house is viable. The approach in the letter drafted last night, invoking the authority of the Director General, the Permanent Under Secretary, Home Office and Secretary to the Cabinet, might have satisfied Sir James Callaghan (though his letter makes that look doubtful). But it will not meet the current situation.

Staying Put

This is much the better option if it can be sustained. Its main disadvantage is that it would continue to expose the Security Service to constant sniping, innuendo and slur. For various reasons, present Ministers are unable, and past Ministers unwilling, to stand up for the Service. We know that the Director General is concerned both about the campaign and Ministers' inability to stand up for the Service. Continuation of the campaign of vilification will in time erode the Service's effectiveness.

Another disadvantage is that staying put seems to put the Government on the defensive in an area where it has no reason to be defensive at all.

Some Form of Inquiry

If the outcome of an enquiry was as we expect, it would "clear" the Security Service, and would be an important step in raising morale and maintaining the Service's effectiveness. It should put a stop, at least for the time being, to the constant drip drip criticism of the Service. But an inquiry has disadvantages.

The main disadvantage, and it is a big one, is that an announcement of an inquiry would look like a retreat, and weakness, and victory for a press campaign against the Service and the Government. We could meet this to some extent by emphasising that the inquiry had been established at the request of the Director General himself and its aim was to preserve the Service's effectiveness. But, however inventive our presentation, there would inevitably be headlines of the sort "Thatcher Retreat".

There will be those who will be dissatisfied with the form of the inquiry, alleging that it is a cover-up of insiders by insiders. Today's Guardian leader on which see Bernard's note below calls for an inquiry "assisted by senior Privy Councillors from each major political party". In other words, an inquiry on the lines envisaged, even if run by an eminent Judge, will not satisfy many of those who are running the story now.

Moreover, if an inquiry is conceded here, there will certainly be demands for more inquiries on other alleged "security scandals".

The final disadvantage of an inquiry is that, despite the assurances already given by Sir Brian, Sir Robert and Sir Antony, we cannot be sure that it will not turn up something awkward.

Reference to the DPP

We need to consider the relationship of any enquiry to any DPP (police) investigation.

The Attorney has still outstanding the decision whether to refer any of the matters in the Wright book, including presumably the allegations relating to Mr. Wilson's administration, to the DPP. How would the inquiry relate to any DPP activity? Would immunity from prosecution need to be given to people interviewed? This would effectively prevent DPP action. Would evidence given voluntarily to the inquiry be available to the DPP? This would make people interviewed very wary of saying anything, even if they had done nothing wrong. The Solicitor General will need to advise.

Clearly, the disadvantages of an inquiry are considerable. We need to avoid one, if at all possible. But the crucial issue is the effectiveness of the Security Service. The Director General's views are critical. Even if he favours some form of inquiry (and preliminary indications from the Home Office suggest that he does), you need to ensure that colleagues are well aware of the difficulties, described above, of the path on which we would be venturing.

N.L.W.

N. L. WICKS
30 April 1987

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Draft of 30 April

DRAFT LETTER TO SIR JAMES CALLAGHAN KG

WITH NCW

Thank you for your letter of 29 April.

I have of course been considering whether there should be an inquiry into the recently published allegations concerning the Security Service in relation to Harold Wilson's Administration in 1974-76.

The allegations recently published are largely a reflection of those which were current at the time when you made your inquiries and your statement in August 1977.

I should not, and do not wish to, see the papers myself, but I asked that there should be a thorough investigation into the documents relating to that time, taking account of the new allegations and of the material given currency in the press on 27 April. I am advised by those whose duty it is to advise Ministers on these matters - the Director General of the Security Service, the Permanent Secretary, Home Office and the Secretary of the Cabinet - that the investigation and certain other

RTAAEB

inquiries it has been possible to make have yielded nothing that calls in question the conclusions you reached and announced after your detailed inquiries in 1977.

I accept that advice, as I am sure you would do.

In the light of that advice I have come to the conclusion that I should not be justified in setting up an inquiry. The Security Service is damaged enough by the recent publicity; an inquiry would make it seem as if I have reason to believe that the allegations are better founded than I think they are and would thus further undermine confidence in it. Moreover, such an inquiry would divert the management of the Security Service from its proper tasks, and so damage its effectiveness in those tasks. I do not believe that it would be right or justifiable to impose all this on the Security Service without better reason than I have to think that an inquiry is called for.

Mr Wicks

28/3

Below are notes of what Bernard told the Lobby at 11am this morning. All the questions were about the MI5 allegations and the fact that Callaghan had been in contact with No 10 yesterday.

Callaghan had telephoned NO 10 yesterday afternoon inquiring what No10 was saying in view of what he was hearing from the Press. Bernard emphasised there was no truth whatsoever in the Guardian allegations this morning.

We said that he had spoken to the PM's Private Office. Other than saying Callaghan was inquiring about NO 10's line we refused to go into any exchanges that took place over the telephone.

You have to take your cue from what the PM said in exhcnages in the House yesterday afternoon that when she thought it was proper she did make statements. Bernard made the point several times that when the PM thought it nmecessary to make a statement she had done so.

We were not aware whether Callagfhan thought there should be an inquiry. He had not spoken to the PM and we were not aware of any letter he had written recently to her.

Asked whether she was not making a statement because of the coiurt cases we replied that there was no connection. She has made statements when she thought it was necessary. She saw no reason to do so now.

Asked about why not make a statement on MI5 when she had done so on Blunt we said that she would be making statements all the time if allegations were made about evcery Tom Dick or Harry.

Repeated that the Prime Minister in 1977

We said that the PM had no plans to hold an inquiry. We were not able to say whether or not she was in discussing with the secret services.

Asked whether she would hold an inquiry if Callaghan called for omne,we replied that this was hypothetical.

Tony Parkes.

PERSONAL AND CONFIDENTIAL

Prime Minister

MR WICKS

SECURITY SERVICES

Before we go any further down this time consuming MI5 road, and the media's pursuit of an inquiry, I think all those concerned should read the attached leader in today's Guardian.

This illustrates the likely futility of any inquiry which might conceivably be set up.

The Guardian leader shows beyond peradventure that any inquiry is doomed before it begins to eventual dismissal as a whitewash and as an exercise in the Establishment looking after the Establishment. After all, the Security Commission, in the Guardian's eyes, is part of the problem because of its members' background.

Any action to restore morale needs to be seen against this background.

Current thinking, as I understand it, is riddled with self delusion. I consider that a far more effective remedy would be for the secret services (who have, after all, largely got themselves into this mess) publicly to shut up and secretly to grit their teeth, pull themselves together and get on with it.

I write minutes like this when I think people are in danger of doing the wrong thing.

B Ingham
April 30, 1987

PERSONAL AND CONFIDENTIAL

30/4/87

The kind of inquiry we need

Sooner or later there is going to be an inquiry into the allegations of an MI5 plot against the Wilson Governments. If Sir James Callaghan decides to force the issue, it may be set up sooner. If he does not, it may have to wait for the end of the Government's appeal in the Wright case or simply for the General Election to be got out of the way. But happen it will, one day. But what kind of inquiry ought it to be? This question deserves acute and immediate attention from all those who are calling for one. For, if and when the Government does concede an inquiry, it is absolutely vital that it should be equal to the seriousness of the task. There are appropriate forms of inquiry and there are inappropriate forms. If the pressure on the Government to concede becomes politically overwhelming, the Government will come under increasing countervailing pressure from the secret world and Whitehall to limit the effectiveness and scope of any probe which it commissions. That countervailing pressure must be resisted. That can best be done by ensuring now that those who are making the demand for an inquiry are clear and united about precisely what they are after.

In the first place, they must be clear that an inquiry by the Security Commission simply will not do. The commission's seven members are honourable men, but they suffer from two overwhelming handicaps. First, they are all insiders. They are appointed by Whitehall to provide a strictly limited measure of retrospective oversight. They are drawn from the judiciary, the military and the civil service. They are, potentially, part of the problem, not its solution. Second, the inquiry will have to range over a period in which the commission itself was supposed to have been exercising some restraining influence. Part of the justification for the setting up of the commission in 1964 was that it would provide continuity. If the present allegations are true, it has provided continuity of ineffectiveness.

The inquiry must therefore be a special inquiry. Its form must satisfy a number of vital criteria. First, it must be headed by someone who is familiar with the secret world but who is sufficiently independent and commands sufficiently wide public respect to give the inquiry instant credibility. Whether that person is a judge, a civil servant or a professor, retired or serving, does not particularly matter. What does matter is that the person is clean — and seen to be clean. He or she must be someone who will not take no for an answer, who will not let the inquiry secretariat take refuge in weasel words, who must — if necessary — be prepared to resign rather than compromise the investigation. Second, he or she must be assisted by senior privy councillors from each major political party — former Home Secretaries or Foreign Secretaries perhaps. It is essential that the political world is properly represented, for these are the democratically elected leaders whose power is challenged by what is alleged. Third, there must also be a place for at least one real insider — someone with no skeletons to hide — who knows what questions to ask. Finally, they must be serviced by a secretariat which itself is free from compromising professional associations with the secret world through the Cabinet, Home or Foreign Offices. In a sense, therefore, the outline model should be the 1982 Franks Committee on the Falklands. But it must be better than that. It must be the best ever — because it will perhaps be the most important ever.

The scope, powers and terms of the inquiry are no less important. There must be no limit whatever to its powers to call for witnesses, papers and records of all forms. Its proceedings, of necessity, will have to take place in private. One may earnestly wish it otherwise, but the inquiry will be dealing with a compulsively secret culture. It is frankly inconceivable that the truth will come out in public. But it must be made clear at the outset that the inquiry will have a bias towards the fullest possible publication of its findings. Individual witnesses must be protected — but the truth must be supreme. That in turn is a reason why the terms of reference of the inquiry must be widely drawn. They must allow investigation not only of the direct charges of the anti-Wilson conspiracy. They must allow the inquiry to penetrate and reconsider the basic operational assumptions of the secret world — to see which sorts of people it suspects and why and how. And they must allow the inquiry to examine the system of accountability and to propose reforms. For if there is one thing that must eventually follow from the inquiry it is reform.

SECRET

Prime Minister

COPY NO 1 OF 2

MR WICKS

30 April 1987

POSSIBLE INQUIRY INTO ALLEGATIONS AGAINST THE SECURITY SERVICE

1. Mr Callaghan's demand for an inquiry presents us with stark choices. There is no longer room for the kind of middle position that was canvassed yesterday - a statement that official investigations have been made and that on the assurance of Sir Robert Armstrong, Sir Brian Cubbon and Sir Anthony Duff there is nothing to worry about. I personally feel that even in the circumstances of yesterday that was an undesirable line: it would concede the need for some sort of investigation; the assessors would not be seen as impartial; and the pressure for a full dress inquiry would become irresistible. But in today's circumstances it is certainly inappropriate.

2. The choice is now between (a) immediate assent to a formal inquiry and (b) continued refusal. Course (a) might still the clamour for the moment; it would avoid charges of an attempted cover-up; it would gain some time since the judge, to whom presumably the work would be entrusted, would be unlikely to report for many months; and the issue would be overtaken by others, particularly in the event of an election. At the end of the day the inquiry would very probably produce a clean bill of health.

3. As against this, course (a) would be seen as a political setback for the Prime Minister. We could argue that refusal hitherto was based on the Callaghan inquiry and when Mr Callaghan said there was additional material we naturally changed our line. The change could also be dressed up by a request from Sir Anthony Duff for an inquiry to clear the

SECRET

name of the service, but, however presented, it could be seen as a defeat, coming at a delicate time.

4. An inquiry by its very existence might also be seen as placing a question mark over the loyalty of the Security Service and possibly SIS. It would be a major diversion of energy and time from the proper tasks of the intelligence services. It would probably also have to be wide in scope in order to deal with all the current allegations against the Security Service and would have to exhume familiar skeletons as well as dig for new ones. Moreover, however wide its range, it would never satisfy the critics: it would be attacked as whitewash and new allegations would pop up in the press to justify charges of inadequacy - just as today's titbits are used to argue the inadequacy of the Callaghan inquiry.

5. We should also, whatever our protestations that this was a unique case, have established a precedent whereby an inquiry could be reasonably demanded on publication of almost any new smear or charge against the intelligence services. In our efforts to defend them against critics we would have further reduced the secrecy they need for their work.

6. I am also uncertain how the institution of an inquiry would accord with our pending appeal in the Wright case. We shall need legal advice on this aspect.

7. Course (b) has the great merit of consistency. The events claimed all took place place long ago under another Government. Mr Callaghan's second thoughts do not alter this. A refusal despite his request would be final and press interest should wane.

8. As you will see, my instinct is against granting an inquiry. But in fairness I have to add that Sir Anthony Duff, whose service is directly affected, tells me he would favour a closed inquiry provided the terms of reference could be sufficiently narrow. He feels that this would be justified by the uniquely serious nature of the charges against the Security Service, in effect treason. He accepts that there could be disadvantages in an inquiry but, from the point of view of the Security Service, considers that the balance is in favour of holding one.

PERCY CRADOCK

CONFIDENTIAL

Kile DG2BXA

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

30 April 1987

Dear Stephen,

I attach a copy of the letter which Sir James Callaghan sent the Prime Minister this morning. You will see from the short covering note which he sent me that he has not released it to the Press "and shall not do so at the moment".

I should be grateful if you, in consultation with the Cabinet Office and the Law Officers' Department in particular, could consider the terms of the Prime Minister's reply to this letter. But I suggest that you delay submitting any draft reply until discussions about the matters raised in Sir James's letter have been considered further. I am fairly sure that the Prime Minister will wish to reply in robust terms to Sir James's letter. She has already commented that the first paragraph of his letter misrepresents what she has said in Parliament, and that letters such as his serve only to undermine the morale and effectiveness of the Security Service. I think that these points should, in some way or another, be reflected in the draft of the reply submitted to her.

I am copying this letter to Mike Eland (Lord President's Office), Tony Galsworthy (Foreign and Commonwealth Office), Michael Saunders (Law Officers' Department), Trevor Woolley (Cabinet Office), Sir Brian Cubbon and Sir Antony Duff.

Yours ever,

Nigel Wicks

N. L. Wicks

Stephen Boys Smith, Esq.,
Home Office.

CONFIDENTIAL

HOUSE OF COMMONS
LONDON SWIA OAA

30 April 1987

Dear Nigel

This is the letter that we discussed on the telephone this morning. I have not released it to the Press and shall not do so at the moment.

James Callaghan

Mr Nigel Wicks
10 Downing Street
LONDON SW1

HOUSE OF COMMONS
LONDON SW1A 0AA
01- 219 4166

From:

The Rt. Hon. James Callaghan, M.P.

30 April 1987

Dear Prime Minister,

In support of your refusal to consider an inquiry into the allegations made by Mr Peter Wright, you have stated that the inquiry undertaken during my Administration in 1977 into the allegations current at that time is sufficient to dispose of his charges.

I have not seen Mr Wright's book and am relying on the various accounts that have appeared in the newspapers. If these are correct, I must draw your attention to what I said on 22 March last, namely, that the present allegations traverse wider ground than was investigated in 1977. Moreover, they seem to be better authenticated and to contain detail which was not made available at that time.

For this reason it is not possible to argue that these matters have been disposed of and I am sure your Private Secretary will have already conveyed to you my view that further investigation is required. I now write to put this formally on record.

An inquiry could dispose in one way or the other of the allegations and rumours that are circulating and so ensure long-term public confidence in the integrity of the security services. It should be undertaken in a manner that would avoid any undermining of the morale of those who are now serving in these vital services.

continued/..

I am sending herewith a copy of what I said on these matters on 22 March as this still represents my view. May I call your attention to my proposal that there is a need for an independent body to review the oversight, structure, targeting and management of the security service and suggest that this could be an important task for any inquiry which investigated Mr Wright's allegations.

Yours sincerely

James Callaghan

James Callaghan

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

Sunday 22 March 1987

The material in the Sunday Times goes further than my enquiries in 1977. These were based on the stories published at the time by the Observer newspaper. I asked then that anyone with further information should bring it to the attention of the Home Secretary but none was forthcoming. I have not seen Mr Wright's book and do not know its contents but it seems to be the source of the new Sunday Times material. It would be wise for the Government to withdraw its ineffective ban on publication. I am, of course, ready to inform the Prime Minister on all aspects of the 1977 inquiry if she wishes to consult me before the Government decides to hold a further inquiry. I have every confidence in the integrity and ability of the present Director General of the security service and it is with no disrespect to him or to his colleagues that I came to the conclusion some time ago that there is a need for an independent body to review the oversight, structure, targeting and management of the service. For the time being I shall have no further comment to make.

James Callaghan
22 March 1987

HOUSE OF COMMONS
LONDON SW1A 0AA

30 April 1987

Dear Nigel,

This is the letter that we discussed on the telephone this morning. I have not released it to the Press and shall not do so at the moment.

Yours ever

Jim C.

James Callaghan

Mr Nigel Wicks
10 Downing Street
LONDON SW1

HOUSE OF COMMONS
LONDON SW1A 0AA
01- 219 4166

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James Callaghan
22 March 1987

30 IN

The kind of inquiry we need

Sooner or later there is going to be an inquiry into the allegations of an MI5 plot against the Wilson Governments. If Sir James Callaghan decides to force the issue, it may be set up sooner. If he does not, it may have to wait for the end of the Government's appeal in the Wright case or simply for the General Election to be got out of the way. But happen it will, one day. But what kind of inquiry ought it to be? This question deserves acute and immediate attention from all those who are calling for one. For, if and when the Government does concede an inquiry, it is absolutely vital that it should be equal to the seriousness of the task. There are appropriate forms of inquiry and there are inappropriate forms. If the pressure on the Government to concede becomes politically overwhelming, the Government will come under increasing countervailing pressure from the secret world and Whitehall to limit the effectiveness and scope of any probe which it commissions. That countervailing pressure must be resisted. That can best be done by ensuring now that those who are making the demand for an inquiry are clear and united about precisely what they are after.

In the first place, they must be clear that an inquiry by the Security Commission simply will not do. The commission's seven members are honourable men, but they suffer from two overwhelming handicaps. First, they are all insiders. They are appointed by Whitehall to provide a strictly limited measure of retrospective oversight. They are drawn from the judiciary, the military and the civil service. They are, potentially, part of the problem, not its solution. Second, the inquiry will have to range over a period in which the commission itself was supposed to have been exercising some restraining influence. Part of the justification for the setting up of the commission in 1964 was that it would provide continuity. If the present allegations be true, it has provided continuity of effectiveness.

The inquiry must therefore be a special inquiry. Its form must satisfy a number of vital criteria. First, it must be headed by someone who is familiar with the secret world but who is sufficiently independent and commands sufficiently wide public respect to give the inquiry instant credibility. Whether that person is a judge, a civil servant or a professor, retired or serving, does not particularly matter. What does matter is that the person is clean — and seen to be clean. He or she must be someone who will not take no for an answer, who will not let the inquiry secretariat take refuge in weasel words, who must — if necessary — be prepared to resign rather than compromise the investigation. Second, he or she must be assisted by senior privy councillors from each major political party — former Home Secretaries or Foreign Secretaries perhaps. It is essential that the political world is properly represented, for these are the democratically elected leaders whose power is challenged by what is alleged. Third, there must also be a place for at least one real insider — someone with no skeletons to hide — who knows what questions to ask. Finally, they must be serviced by a secretariat which itself is free from compromising professional associations with the secret world through the Cabinet, Home or Foreign Offices. In a sense, therefore, the outline model should be the 1982 Franks Committee on the Falklands. But it must be better than that. It must be the best ever — because it will perhaps be the most important ever.

The scope, powers and terms of the inquiry are no less important. There must be no limit whatever to its powers to call for witnesses, papers and records of all forms. Its proceedings, of necessity, will have to take place in private. One may earnestly wish it otherwise, but the inquiry will be dealing with a compulsively secret culture. It is frankly inconceivable that the truth will come out in public. But it must be made clear at the outset that the inquiry will have a bias towards the fullest possible publication of its findings. Individual witnesses must be protected — but the truth must be supreme. That in turn is a reason why the terms of reference of the inquiry must be widely drawn. They must allow investigation not only of the direct charges of the anti-Wilson conspiracy. They must allow the inquiry to penetrate and reconsider the basic operational assumptions of the secret world — to see which sorts of people it suspects and why and how. And they must allow the inquiry to examine the system of accountability and to propose reforms. For if there is one thing that must eventually follow from the inquiry it is reform.

The politics of security

The new security measures which Mr Tom King is expected to announce to the House of Commons next week during the debate on Northern Ireland can only be a palliative. If that 18-year-old truism is recognised from the beginning the debate will be more productive. At present palliatives are both necessary and possible. For the past five weeks the IRA has allowed itself a free hand, not so much in the murder of Lord Justice Gibson, which was a highly skilful and technically demanding operation, but in the almost day-to-day attacks on targets previously regarded as soft.

To saturate the Province with troops is not an answer. Nor can the RUC be left to carry out what are known as "covert offensive operations," which are every bit as ugly as they sound but which have in the past, when professionally undertaken, resulted in the capture of armed men on a mission. It will not therefore be surprising if the SAS is called out of enforced inactivity at Hereford. Already, and planned before the present phase of the IRA offensive, the army is hardening its surveillance posts near the border with the Republic, but now it has to make good the gaps which operations in one part of the Province leave elsewhere. For example, the killing of two police reservists in what would be regarded as the safest place in the north, the Protestant holiday resort of Portrush, came about because an army unit which had intercepted routes into the town had been redeployed. It took the IRA, with an intelligence organisation of its own, only a short time to capitalise on that gap.

Yet without a change of policy by the representatives of the majority in the Province no amount of extra surveillance can be other than an interim gesture. At present the Unionist leaders are still in the most serious disarray. Their boycott of the Commons has marginalised it from all political debate about the Province. They do not know who is going to succeed Mr James Molyneaux. They have put together a "task force" to find an alternative to the negative sermonising about denial of democratic rights, which has been their only response to the Anglo-Irish agreement. When the task force reports in a few weeks it is essential that it should not only give Unionism the firm direction it has lacked but that the direction should be realistic. There are too few signs so far that it will be anything like realistic enough.

The axiom of Northern Ireland politics is that security cannot be achieved without the active and welcome participation of the Roman Catholic community in the day-to-day running of the Province. That was true at Sunningdale and is true now. The Irish Republic has an IRA problem about which it can afford to be ruthless because the Government speaks on behalf of the whole state. That could be equally true in the north if the Unionists would raise their sights a little. They have raised them somewhat in the past few weeks. There is at least talk of ending the boycott when the election is over. The Unionist MPs should be welcomed back into the Commons next week and made to feel that they have a part in the next stage of political development in the north. They feel beleaguered, even though the beleaguerment is their own doing. But if Britain is to help with security they have to help with the politics on which security depends.

Who runs the Tigers?

To the all too real sounds of bombs and machine-guns in Sri Lanka must now be added the metaphorical crackle of burning boats. President Jayawardene this week invited a group of foreign correspondents to his residence and proceeded to blame politicians in India for stoking up Tamil terrorism in his riven island state. He went so far as to accuse Mr Ramachandran, the Sri Lankan-born chief minister of the southern Indian state of Tamil Nadu where 50 million Tamils live, of running the Sri Lankan Tamil Tigers as his private army. "I am saying that deliberately, knowing you will publish it, knowing India will see it."

The Indian Prime Minister, Mr Gandhi, has gone far beyond the mere call of duty in trying to mediate between the two communities, even if it is in his political interest to do so because of Tamil Nadu concern. For a while he was forced to abandon the attempt and only recently took it up again. To be repaid by a tirade from Mr Jayawardene, even if the President did go out of his way to exonerate him, seems scant reward for Mr Gandhi's efforts and no encouragement at all to continue them in a rapidly worsening atmosphere of hatred and violence. Mediation entails compromise, which means each side gets less than it wants. This is fair enough and the only hope for a peaceful solution in the Sri Lankan context, but for the people of Tamil Nadu their cousins over the water are in the right and the Sinhalese majority in the wrong, a fact which puts support for Mr Gandhi's Congress Party at risk.

One of the many difficulties in the way of a settlement is that both governments are pursuing inherently self-contradictory policies. It is clear that the terrorists depend for arms on their sympathisers in India, even if Mr Jayawardene may be going too far in accusing the Tamil Nadu authorities and even Indian Intelligence of involvement. yet although India is committed to stopping the bloodshed it does not seem to be doing much towards cutting off supplies. Mr Jayawardene is similarly at odds with himself when he expresses his belief in a military solution in almost the same breath as he insists on a political settlement — and refuses to negotiate with Tiger leaders unless they give up their campaign and their weapons.

The Tamil minority's separatist offensive has already cost 5,000 lives in four years. There are indications that the Sri Lankan forces are preparing for a new assault on the terorist bases in the north and east of the island, perhaps on an unprecedented scale. On past experience the casualties among civilians could be high, which means more bitterness and more support for the Tigers — another vicious twist in the spiral of violence, another step towards civil war. Unless the Sinhalese decide one day on an unthinkable policy of genocide, everybody already knows that the only road to a final solution is a truce followed by honest negotiation. Mr Jayawardene is not so well off for boats that he can afford to burn any; Mr Gandhi would be best advised to carry on mediating, which is far too important to be abandoned because of a frustrated outburst by an 81-year-old at the end of his tether.

LETTERS TO THE EDITOR

Junking the mail menace

Britain in the lead

The 'tactical vote' sore that Labour could cauterise

Sir, — This is a rum business. Even in a Labour administration, showing by this behaviour

Sir,—The opponents of tactical voting in the Labour

I believe Labour should declare now for electoral reform to establish its dem

Passed to Richard Stratt at 10.30pm on 30/4 NCW.. 30/4

pa

10 DOWNING STREET

Tony Benn to Lord Chancellor.

"What action are you taking in your official capacity as Lord Chancellor to investigate the allegation made by Mr P. Wright, a former MI5 officer, in his book, that an attempt was made by British security services to assassinate President Nasser of Egypt, at the time of the Suez war in 1956, when you yourself were 1st Lord of the Admiralty in the Eden government."

Draft.

Not issued

N.L.U

29.X.14

With Compliments

The Rt. Hon. Sir Peter Blaker, KCMG MP

HOUSE OF COMMONS
LONDON, SW1A 0AA

The Rt. Hon. Sir Peter Blaker, KCMG MP

HOUSE OF COMMONS
LONDON SWIA OAA

In his statement of 23rd August 1977 Mr Callaghan said this:

"The Prime Minister has conducted detailed inquiries into the recent allegations about the Security Service and is satisfied that they do not constitute grounds for lack of confidence in the competence and impartiality of the Security Service or for instituting a special inquiry.

"In particular, the Prime Minister is satisfied that at no time has the Security Service or any other British intelligence or security agency, either of its own accord or at someone else's request, undertaken electronic surveillance in 10 Downing Street or in the Prime Minister's room in the House of Commons".

What were "the re cent allegations referred to?

They must have surely been those reported in the press of the preceding month which I summarised in a speech in the House of Commons on 28th July 1977 (col.1210). These allegations were made principally by Lord Wilson of Rievaulx and were very wide ranging. Lord Wilson was reported as saying that MI5 was both incompetent and politically biased against himself, his entourage and Labour Ministers; that MI5 had been confused about the identity of a number of key people against whom it made allegations; that the Head of MI5 confirmed the existence within his service of a disaffected faction with extreme Right-wing views, and of a faction sympathetic to the South African and Rhodesian authorities; that MI5 was saying that he (Lord Wilson) was tied up with the Communists; that for the last eight months when he was Prime Minister he was not certain that he knew what was happening fully in security. Only one of the allegations concerned "bugging" of No.10 Downing Street and the Prime Minister's office at the House of Commons.

In short, Lord Wilson made the sort of allegation which Peter Wright, it seems, has repeated in his book.

The Opposition is now saying that the enquiries made in 1977 concerned only the allegation of "bugging" and are calling for an inquiry into the wider allegations.

That is not the impression given by the first paragraph of Mr Callaghan's statement, which refers to "the recent allegations" generally, and with which Lord Wilson associated himself.

But if it is true that the enquiries made in 1977 concerned "bugging" only, were not Labour Ministers at that time extremely incompetent, naive or negligent, or all three?

SUBJECT CC MASTER.

file 16

CONFIDENTIAL

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

THIS IS A COPY. THE ORIGINAL IS RETAINED UNDER SECTION 3 (4) OF THE PUBLIC RECORDS ACT

SIR ROBERT ARMSTRONG

The Prime Minister held a meeting this evening to discuss the draft letter to Sir James Callaghan attached to your minute of today. The Lord President, Home Secretary, Solicitor General and Sir Brian Cubbon and yourself were present.

After discussion, it was agreed that we should reflect overnight on the further draft of a letter to Sir James Callaghan which is attached.

It was agreed that before any letter is despatched, the Home Office should: telephone Mr. Harry Wharton to confirm his account of the events and to warn him that the press might ask him whether he had been contacted before the statement had been made; speak to Sir Michael Hanley again about the allegations;

Any letter to Sir James Callaghan should be despatched before the Prime Minister answered Questions tomorrow. He would need to be warned that the Prime Minister would use words in the House, if asked about this matter, on the lines

> "I have written to the Right Honourable Gentleman, the Member for Cardiff South and Penarth, to say that I am advised that the result of further investigations is to confirm the conclusions which he reached and announced following his detailed inquiries in 1977."

I should be grateful to have any comments on the draft attached, on the draft form of words above for supplementary answers as well as Home Office confirmation that the action outlined above has been taken with satisfactory results.

I am sending a copy of this minute and enclosure to the Private Secretaries to the Lord President, Home Secretary, the Legal Secretary (Law Officers' Department), and to Sir Brian Cubbon and Sir Antony Duff.

N. L. W.

N. L. WICKS

29 April 1987

K16

DRAFT LETTER FROM THE PRIME MINISTER TO
THE RT. HON. SIR JAMES CALLAGHAN K.G., M.P.

You have been in touch with my office about the allegations concerning the Security Service in relation to Harold Wilson and his administration between 1974 and 1976.

You made a statement on 23 August 1977 about the allegations then current. The present wave of allegations appears largely to reflect stories current at the time, to which your statement was directed.

As you know, I should not, and do not wish to, see papers relating to that time, but I am assured that all the documents relevant to the time in question have been investigated in great detail, taking account of such allegations as are new and of the material given currency in the press on 27 April.

I am advised by those whose duty it is to advise Ministers on these matters - the Director General of the Security Service, the Permanent Under Secretary of State, Home Office, and the Secretary of the Cabinet - that these investigations and other inquiries which it has been possible to make confirm the conclusions which you reached and announced following your detailed inquiries in 1977.

I accept their advice, as I am sure you would do.

SUBJECT CC MASTER.

file X6

CONFIDENTIAL

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

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After discussion, it was agreed that we should reflect overnight on the further draft of a letter to Sir James Callaghan which is attached.

It was agreed that before any letter is despatched, the Home Office should: telephone Mr. Harry Wharton to confirm his account of the events and to warn him that the press might ask him whether he had been contacted before the statement had been made; speak to Sir Michael Hanley again about the allegations; and if his health allowed, contact Mr. Tony Brooks to obtain his account of the allegations and to warn him that he might be contacted by the press.

Any letter to Sir James Callaghan should be despatched before the Prime Minister answered Questions tomorrow. He would need to be warned that the Prime Minister would use words in the House, if asked about this matter, on the lines

> "I have written to the Right Honourable Gentleman, the Member for Cardiff South and Penarth, to say that I am advised that the result of further investigations is to confirm the conclusions which he reached and announced following his detailed inquiries in 1977."

I should be grateful to have any comments on the draft attached, on the draft form of words above for supplementary answers as well as Home Office confirmation that the action outlined above has been taken with satisfactory results.

I am sending a copy of this minute and enclosure to the Private Secretaries to the Lord President, Home Secretary, the Legal Secretary (Law Officers' Department), and to Sir Brian Cubbon and Sir Antony Duff.

N. L. W.

N. L. WICKS

29 April 1987

PREM 19/2506

29/4/87

Ref. A087/1206

MR WICKS

I now attach a revised draft of the letter to Sir James Callaghan, an earlier draft of which we discussed with the Prime Minister yesterday evening.

2. The draft has now been agreed with Sir Brian Cubbon, Sir Antony Duff, the Treasury Solicitor and the Legal Secretary to the Law Officers. It is being shown to the Home Secretary and the Attorney General, and we should know very shortly whether they are content with the draft.

3. It is now a very carefully worded document, and I doubt whether we should want to "broker" it with Sir James Callaghan. If, however, the Prime Minister thinks that it would be useful to do so, you could perhaps take the signed letter round yourself, hand it to him, but indicate that if it would be helpful to him that there should be minor changes in it, you would be prepared to see if the Prime Minister would consider them.

I am sending copies of this minute and the draft to the Private Secretaries to the Lord President and the Home Secretary, and the Attorney General.

RA

ROBERT ARMSTRONG

29 April 1987

DFT LETTER TO RT HON SIR JAMES CALLAGHAN FROM PM

You have been in touch with my office about the suggestions that there should be an inquiry into the allegations about what the Security Service did or did not do in relation to Harold Wilson between 1974 and 1976.

You made a statement on 23 August 1977 about the allegations then current. As you know, I should not, and do not wish to, see papers relating to that time, but the present wave of allegations appears largely to reflect stories current at the time, to which your statement was directed.

I am assured that all the papers relevant to the time in question have been investigated in minute detail, taking account of such allegations as are clearly new and of the material given currency by The Independent on 27 April.

Inquiries are not yet quite complete, but I am advised by those whose duty it is to advise Ministers on these matters - the Director General of the Security Service, the Permanent Under

SECAAP

Secretary of State, Home Office, and the Secretary of the Cabinet - that there is nothing so far which would lead them to believe that members of the Security Service were involved in conspiracies to undermine Harold Wilson's Government. I accept that advice, as I am sure you would do. I have concluded that it would be unjustified and irresponsible for me to institute an inquiry merely in response to speculation of the kind we have been witnessing.

If you would find it helpful to come in at this stage and read the papers on which the advice I have been given is based, I should be entirely content for you to do so; and of course I would let you know if the final report from the investigation were to suggest any different conclusion.

SECAAP

CONFIDENTIAL

NOTE FOR THE RECORD

ALLEGATIONS CONCERNING THE SECURITY SERVICE AND LORD WILSON'S ADMINISTRATION

This note records my four conversations with Sir James Callaghan.

After Questions (about 1615) Sir James Callaghan telephoned to say that a lobby journalist (who from later conversations seemed to be Mr. Henke of the Guardian) had told him that the Prime Minister's line was that she was not opposed to an inquiry into the allegations about MI5 but it was up to him to call for one. I told him that was not the Prime Minister's line and that the No. 10 Press Office were not putting it out. He observed that no doubt the Lobby were trying to create a story by feeding him something on the basis that he would react.

Sir James went on to say he was under increasing pressure to ask for an inquiry. He did not really care whether there was one or not. It was up to the Prime Minister to decide. Mr. Roy Jenkins had told him about that afternoon's exchanges in the House of Commons. He would get cross if the Prime Minister was sheltering behind what he had said in 1977. More allegations were now coming out than he had known then. He would not become a shelter for the Prime Minister. He did not want to make things more difficult. He would be glad to see her if necessary. He repeated that he did not want to push for an inquiry but was not willing to act as her shelter.

When I reported this to the Prime Minister, she said that she was not going to be drawn by the press to do something which was neither reasonable nor necessary. An inquiry would undermine the Security Service. Sir James Callaghan should rest on his old statements.

I telephoned Sir James with this. He replied that he thought that the Security Service was already being undermined and said that he had the benefit of some conversations recently with members of the Security Service. He repeated that he was coming round to favour an inquiry. In 1977 he had not begun to think that there was an organised faction of 30 officers involved as was now alleged. He had certainly not looked into any such allegations; so there was something new to examine. But he was more concerned with the future of the Service and would welcome a talk with the Prime Minister. He believed that an inquiry would help restore public confidence in the Service. I replied that I did not think the public confidence had been undermined. He conceded that might have meant the confidence of the "chattering classes". He had thought Roy Jenkins, to whom he had spoken, would be following the matter up. He would reflect overnight about issuing a statement on the basis that such a statement would restore public confidence.

Later in the evening, following consultations with Sir Robert Armstrong, the Prime Minister agreed to consider writing to Sir James Callaghan in the terms of a letter which Sir Robert would produce. On the Prime Minister's instructions I telephoned Sir James to say that the Prime Minister would wish too to reflect overnight and asked that he should stay any statement until I had been in touch. He readily agreed. Later in the evening I telephoned about a report in "The Independent" concerning his telephone call to No. 10. He said that he was even more inclined towards some form of inquiry.

This morning (29 April) Sir James telephoned to say that the Lobby journalist had told him that Bernard Ingham said in the Lobby that the Prime Minister was against an inquiry even if Sir James asked for one. I said that I had been intending to ring him when I had a note from the Press Office on what Bernard Ingham had said. Shortly thereafter, I telephoned

with the salient points of the Lobby Briefing on the point raised by Sir James. I said that Bernard Ingham had told the Lobby that such a question was hypothetical.

N.L.W.

N. L. WICKS

29 April 1987

COSAIR

9/R WICKS

10 DOWNING STREET
LONDON SW1A 2AA

From the Press Secretary

29 April 1987

Dear Chris,

I mentioned to you this morning The Independent's (inaccurate) reference to my Lobby briefing on the MI5 business yesterday.

You will see that the report says "But Bernard Ingham, Mrs Thatcher's Press Officer, again told Parliamentary Lobby reporters, non-attributably, at Westminster last night that the 1977 inquiry had covered all allegations. The implication was that it covered allegations of a more deep seated plot."

It is not clear to me whether this results from a briefing of The Independent by a member of the Lobby who attended my briefing, since the information is inaccurate; or whether it is merely the inaccurate consequence of a previously noted propensity in some quarters to combine heroic deduction with a rather childish urge to score points.

I have in fact more to do than complain of inaccurate accounts of what I am supposed to have said, and I would not have written to you were there not, as I understand it, wider evidence of deliberate briefing in defiance of the Lobby's rules following my 4pm Lobby yesterday. You and your Committe may wish to consider this.

Yours sincerely,

Bernard Ingham

BERNARD INGHAM

Chris Moncrieff Esq

NLW

GRS 75

RESTRICTED

RESTRICTED
FM CANBERRA
TO IMMEDIATE FCO
TELNO 286
OF 290140Z APRIL 87

pa

PETPER WRIGHT CASE

1. THE 29 APRIL EDITIONS OF THE ''CANBERRA TIMES'' AND ''THE AGE'' CARRY EXTENSIVE ARTICLES ON THE CASE, REPRINTED FROM ''THE INDEPENDENT''.

2. THE ''CANBERRA TIMES'' ALSO HAS AN ARTICLE (COPY BY FAX TO BATTISCOMBE, PUSD) PURPORTING TO GIVE FURTHER DETAILS OF WRIGHT'S ALLEGATIONS.

LEAHY

YYYY
CEHPAN 0073

PETER WRIGHT CASE

LIMITED

DEP HD/PUSD
MR MURRAY, PUSD
PUSD (E 206)
HD/PUSD
HD/SPD
HD/NEWS DEPT
HD/INFO DEPT
PS
PS/PUS
MR BOYD
SIR DWILSON
MR DARWIN, LEGAL ADVISERS
MR GILLMORE

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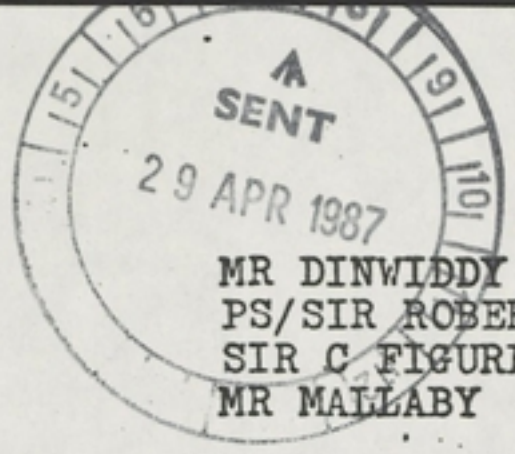
SIR C FIGURES) CABINET OFFICE
MR MALLABY)
MR B H DINWIDDY)

MR J BAILEY, TREASURY SOLICITORS
MR SAUNDERS) LAW OFFICERS
MR INGLESE) DEPT
PS/HOME SECRETARY
SIR B CUBBON, PERM.SEC, HOME OFFICE
MR PARTRIDGE)
MR NURSAW) HOME OFFICE
MR MOWER)
LEGAL ADVISERS, SEC. SERVICES) VIA
DIRECTOR GENERAL, SEC. SERVCS) PUSD E2C?
MR WICKS NO 10 DOWNING ST
PRESS OFFICE NO 10 DOWNING ST

RESTRICTED

ADVANCE COPIES

PETER WRIGHT CASE



PS/PUS
MR BOYD
DEP HD/PUSD
MR CAPIE PUSD
NEWS DEPT

MR DINWIDDY)
PS/SIR ROBERT ARMSTRONG) CABINET
SIR C FIGURES) OFFICE
MR MALLABY)

MR INGLESE) LAW OFFICERS DEPT
MR SAUNDERS)

MR NURSAW)
MR MOWER) HOME OFFICE
SIR B CUBBON, PUS)

RESIDENT CLERK

LEGAL ADVISERS) SECURITY SERVICES
DIRECTOR GENERAL) (via PUSD E203)

MR HOGG TREASURY SOLICITORS

IMMEDIATE

PS/NO 10 DOWNING STREET
PRESS OFFICE NO 10 DOWNING STREET

12.3.

RESTRICTED
FM CANBERRA
TO IMMEDIATE FCO
TELNO 286
OF 290140Z APRIL 87

1 MJA to see

2. Prime Minister

The law Officers are considering apparently what to do. It is unclear whether there has been a contempt of court in Australia

PETPER WRIGHT CASE

1. THE 29 APRIL EDITIONS OF THE ''CANBERRA TIMES'' AND ''THE AGE'' CARRY EXTENSIVE ARTICLES ON THE CASE, REPRINTED FROM ''THE INDEPENDENT''. N.C.W

2. THE ''CANBERRA TIMES'' ALSO HAS AN ARTICLE (COPY BY FAX TO BATTISCOMBE, PUSD) PURPORTING TO GIVE FURTHER DETAILS OF WRIGHT'S ALLEGATIONS. 29.4

LEAHY

MT

YYYY
CEHPAN 0073

NNNN

Ref. A087/1186

MR WICKS

I attach a copy of a letter which I have received from the Director General of the Security Service about the need for a "ringing declaration" denouncing the campaign of unsubstantiated allegations about the Security Service and reasserting the Government's confidence in it.

2. I have discussed this letter with the Director General and the Permanent Secretary, Home Office.

3. I said that the Prime Minister's answer to a Parliamentary Question about Mr Graham Mitchell on 13 March had restated her confidence in the Service's skill, efficiency and loyalty, though that had gone almost unrecorded by the press, no doubt because it was not what they wanted to hear. I said that she was constrained in commenting on anything that was included in or arose out of Peter Wright's book by the continuing proceedings in Australia, and would therefore not want to go beyond what she had said in the House during the hearing of the proceedings at first instance. Sir Antony Duff said that there were plenty of other unsubstantiated allegations around which were unconnected with Peter Wright's book, which could if necessary be the starting point for a comment. I said that if there were to be any statement, it would be important to choose the time for it to best advantage.

4. Sir Antony Duff reiterated that morale in the Service was not affected, but that they were, as he said, "hurt and angry", and he feared that, if the allegations continued, effectiveness would eventually be affected. But I think that he accepted that this was not a good time for a major speech, which would really have to be made outside Parliament.

SECAAM

5. But it is possible that the Prime Minister may have an opportunity, in answers to supplementary questions, to say something brief but trenchant on the subject. I attach a cockshy of the sort of thing I have in mind.

RA

ROBERT ARMSTRONG

28 April 1987

DRAFT SUPPLEMENTARY ANSWER ON SECURITY SERVICE

Mr Speaker, I have repeatedly made it clear that I wll not be drawn into commenting on every passing story that appears in the media about security and intelligence matters. Nor would it be proper for me to comment on allegations said to be contained in Mr Peter Wright's book or matters arising therefrom while proceedings are at issue in this country and in Austraila.

This, however, I will say. There is a small group of so-called investigative journalists, aided and abetted by a handful of honourable Members opposite, who compete with each other to trail across the columns of the press a steady succession of totally unsubstantiated allegations about the security and intelligence services and present them as if they were verified fact. I can only speculate about their motives, but I am sure that the ordinary readers have quite rightly developed a healthy scepticism about them and their stories.

Let me assure the House once again that the security and intelligence services have vital, if

necessarily unsung, tasks to perform in the defence of our freedom; and that my Right Hon Friends and I are, and the whole House and the country should be, profoundly grateful for the skill, efficiency and loyalty with which they perform them.

THE NATIONAL ARCHIVES

DEPARTMENT/SERIES Prem 19 PIECE/ITEM 2506 (one piece/item number)	Date and sign
Extract details: Minute dated 28th of April 1987	X
CLOSED UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	23/05/23
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
NUMBER NOT USED	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	

cc OD(DIS): file BM.

Ld. Pres.
for. Sec.
Home Sec.
Def. Sec.
Att. Gen.

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

"INSIDE INTELLIGENCE" BY ANTHONY CAVENDISH AND
"BREAK-IN" BY BILL GRAHAM
(OD(DIS)(87)30)

The Prime Minister has seen this paper which outlines the action that officials plan or have in hand in respect of these two books.

She agrees that officials should proceed as suggested in the two notes.

I am sending a copy of this minute to the Private Secretaries to the members of OD(DIS) and to Mr. Nicholls in the Cabinet Office).

N.L.W.

(N.L. WICKS)
28 April 1987

BM

PRIME MINISTER

THE PETER WRIGHT BOOK

The Attorney General has been considering, during the afternoon, whether to advise Ministers to institute civil proceedings for an injunction to restrain further publication of the Wright material in today's Independent, or new material.

He advises against this. He believes that civil proceedings would not add anything more in the way of a deterrent to the criminal action against the three newspapers which he is already taking in the courts.

N.L.W

(N.L. WICKS)

27 April 1987

Pre Minister

pa

Ref. A087/1177

MR WICKS

We have learnt on good authority that Mr Peter Jenkins proposes to publish in tomorrow morning's Independent (subject to clearance with his lawyers) a story containing three allegations about the Security Service and Lord Wilson of Rievaulx:

1. That the Security Service thought, before Mr Wilson became Prime Minister, that he was or might be a Soviet agent and investigated this possibility.

2. That the Security Service was suspicious of the hold which Lady Falkender appeared to have over Lord Wilson, and investigated that.

3. That the Security Service thought that, during Mr Wilson's second Prime Ministership (1974-1976) Mr Wilson and Lady Falkender had leaked information to the Israelis; that after Mr Wilson's resignation in 1976 they had sought and obtained Mr Callaghan's agreement that they should investigate ("conduct surveillance on") Mr Wilson and Lady Falkender in relation to this possibility; and that as a result of the investigation Mr Wilson was cleared but Lady Falkender was not.

2. The first of these allegations is not new, and is indeed referred to in Peter Wright's book. The truth is that the Security Service were aware of allegations that Mr Wilson had been a Soviet agent, and looked into them, but have never thought that he was.

3. As to the second allegation, Lady Falkender's name keeps recurring in the various reports attaching to some of those associated with Mr Wilson, but the Security Service did not investigate her "hold" over Mr Wilson as such.

4. As to the third allegation, it is without foundation. The Security Service did not ask Mr Callaghan's leave to conduct an investigation into the possibility of leaks by Mr Wilson and Lady Falkender to the Israelis, and did not conduct any such investigation.

5. I have considered with the Home Office, the Security Service and the Treasury Solicitor whether there is any action that should be taken on this story. We are advised that there is no basis on which we could demonstrate with reasonable probability that confidence had been breached, and therefore no basis for seeking an injunction.

6. We shall of course be preparing material for Prime Minister's Questions tomorrow on these matters.

7. I am sending copies of this minute to the Private Secretaries to the Foreign and Commonwealth Secretary, the Home Secretary and the Attorney General.

RA

ROBERT ARMSTRONG

27 April 1987

CONFIDENTIAL

CF.

RTA is given some advice on this. Pl don't lose sight of. N.L.W. 24.4.

PRIME MINISTERR

THE SECURITY AND INTELLIGENCE SERVICES

When I spoke to Sir James Callaghan today to warn him that you were sending him a letter regarding Sir Maurice Oldfield, he said that he would like to have a meeting with you to discuss the targeting, structure and oversight of the Security Services. He went on to say that he had been discussing these issues with Lord (Philip) Allen, Lord Trend, Lord (John) Hunt and Sir Michael Palliser whom he would like to bring to the meeting!

He had hoped to delay a request for a meeting until the Wright business had been concluded, but it looked as if that was going to drag on for some months. He was not asking for an urgent meeting since they wanted to develop their ideas a little further.

You will, no doubt, want to discuss this approach with Robert Armstrong, to whom I have not yet mentioned it.

I do not see that you can refuse a meeting, though it is for consideration whether it should be with Mr Callaghan alone. One possibility would be to fix a meeting for some time in the middle of May. This would of course have to be re-arranged for later if an election intervened.

N.L.W.

N.L. Wicks

23 April 1987

MJ2AYA

CONFIDENTIAL AND PERSONAL

PRIVY COUNCIL OFFICE
WHITEHALL. LONDON SW1A 2AT

14 April 1987

Dear Andy, PSR 14/4

THE PETER WRIGHT CASE: POSSIBLE PUBLICATION IN NORTH AMERICA

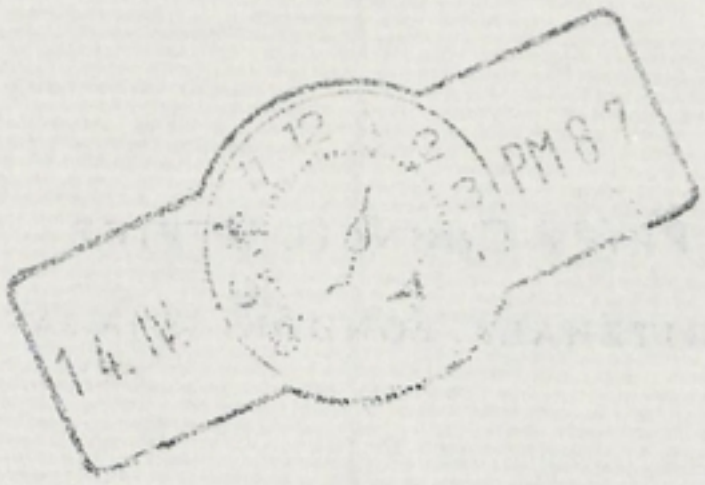
Further to your letter of 13 April I can confirm that the Lord President is willing to speak to Lord Blakenham as proposed. I will let you know the outcome.

I am copying this letter to the Private Secretaries to the other members of OD(DIS), Sir Robert Armstrong, the Treasury Solicitor and the Director General of the Security Service.

yours ever,
Mike.

M J ELAND

A Bearpark Esq
Private Secretary to
Prime Minister



SECURITY: Secret Services
PT 7

CONFIDENTIAL AND PERSONAL

PRIVY COUNCIL OFFICE

WHITEHALL. LONDON SW1A 2AT

14 April 1987

Dear Andy DSS 14/4

THE PETER WRIGHT CASE:
"A SPY'S REVENGE"
BY RICHARD HALL

Further to your letter of ~~13~~ April I can confirm that the Lord President is willing to speak to Lord Blakenham as proposed. I will let you know the outcome.

I am copying this letter to the Private Secretaries to the other members of OD(DIS) and Trevor Woolley (Cabinet Office).

Yours ever,

Mike.

M J ELAND

A Bearpark Esq
Private Secretary to
Prime Minister

SECURITY : Secret Services P17

From: THE PRIVATE SECRETARY

CONFIDENTIAL

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SWIH 9AT

13 April 1987

Dear Bruce

The Home Secretary has seen the "line to take" attached to OD(DIS)(87)28. He is content except in respect of the last sentence of paragraph 2 which he feels is likely to invite journalists, and the BBC in the particular case of the "Powers" film, to take exception to the implied constraint on their scope for speculation.

Questions of national security having already been dealt with in connection with the film, the phrase "not in the national interest" will be open to a wide interpretation, and the implication that Government wishes to constrain speculation in this wide context is unlikely to be helpful. It will be argued that the Government is trying to intimidate or rebuke the BBC. The Home Secretary therefore takes the view that the sentence should either be deleted or better replaced by "It follows that details given in the film can only be speculation".

Copies go to the Private Secretaries to members of OD(DIS) and to Sir Robert Armstrong.

Yours sincerely

W R FITTALL

B H Dinwiddy, Esq

14. IV. AM 87

cc OD(DIS).
HPO
FCS
FCO
MOD
Att.Gen.

CONFIDENTIAL AND PERSONAL

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

13 April 1987

Dear Mike

THE PETER WRIGHT CASE:
POSSIBLE PUBLICATION IN NORTH AMERICA

The Prime Minister has seen Christopher Mallaby's minute B.0143 of 10 April to Nigel Wicks. She agrees that the Treasury Solicitor should write to Lord Blakenham as in paragraph 3a. of that minute, and would be most grateful if the Lord President were willing to speak privately to Lord Blakenham as Mr. Mallaby proposes.

I am copying this letter to the Private Secretaries to the other members of OD(DIS), to Sir Robert Armstrong, the Treasury Solicitor and the Director General of the Security Service.

Yours ever

Andy

(P.A. BEARPARK)

Mike Eland, Esq.,
Lord President's Office

CONFIDENTIAL AND PERSONAL

cc: OD(DIS):-
LPO
FCS
FCO
MOD
Att. Gen

CONFIDENTIAL AND PERSONAL

file

SM

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

13 April 1987

Dear Mike

THE PETER WRIGHT CASE
"A SPY'S REVENGE" BY RICHARD HALL

The Prime Minister has seen Christopher Mallaby's minute B.0142 of 10 April to Nigel Wicks about the above case. She will be most grateful if the Lord President would consider speaking to Lord Blakenham as outlined in paragraph 5. of that minute.

I am copying this letter to the Private Secretaries to the other members of OD(DIS) and Trevor Woolley (Cabinet Office).

Yours ever

Andy

(P.A. BEARPARK)

Mike Eland, Esq.,
Lord President's Office

CONFIDENTIAL AND PERSONAL

SM

Mr Wicks.

10/3/4

CABINET OFFICE

With the compliments of

G. L. G. MALLABY

70 Whitehall, London SW1A 2AS
Telephone 01

270 0360

CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01- 270 0360

CONFIDENTIAL

B.0146

13 April 1987

Dear Stephen

The Defence, Press and Broadcasting Committee

In paragraph 2 of your letter of 23 March about one of the forthcoming books recently discussed by OD(DIS), you recorded the views of the Home Secretary about the working of the Defence, Press and Broadcasting Committee (DPBC) and the D Notice system.

2. Your letter led to a survey by the Secretary of the DPBC of the working of the system in recent years. I enclose his resulting note. You will see that until the end of last year, there was a tendency for the number of books submitted to decline and the number of cases where our suggested amendments were not wholly accepted to increase. But the statistical base - i.e. the number of books involved over the years - is too small to allow us to draw hard and fast conclusions. In 1987, as you will see, we have had refusals to submit four books. It is too soon to be sure that this is a growing trend; but it may well be.

3. The D Notice system, as you know, is confined to matters of national security (and therefore does not cover breaches of confidence as such) and is voluntary. Officials argued in paragraph 11 of their recent paper on enforcing the duty of confidentiality (OD(DIS)(87)12) that the D Notice system was of some value, within the limits just stated; and that any attempt to tighten it, for instance by extending it to cover the general duty of confidence, would be opposed by the media members of the DPBC and would be very controversial. That view was not challenged when OD(DIS) discussed the paper on 8 April.

S Boys Smith Esq
HOME OFFICE

4. As you know, OD(DIS) on 8 April decided on a programme of work by officials on other means of enforcing the duty of confidentiality of present and former public servants, notably the possibilities of reform of the Official Secrets Act and of improvements in the civil law relating to injunctions. I suggest that the discussion in OD(DIS) showed that the best hope of a more effective system for dealing with problems in this area will lie in those directions.

5. I am sending copies of this letter to the Private Secretaries to the other members of OD(DIS) and to Sir Robert Armstrong.

Yours

Chris Mallaby

C L G Mallaby

DN/1900/DPBC

MEDIA CO-OPERATION WITH THE D NOTICE SYSTEM

(Note by the Secretary, Defence Press & Broadcasting Committee)

1. Built upon voluntary submission without obligation or sanctions, the effectiveness of the D Notice system is dependent primarily upon the willingness of editors and publishers to submit. Its effectiveness is therefore random and reflects the sense of responsibility of individual editors and publishers. The 1981 revision of D Notices emphasised the voluntary and advisory nature of the service provided and placed the responsibility firmly on editors and publishers.

2. The discernment of trends is, therefore, difficult particularly in the short term and a judgement is not made any easier by the fact that the present Secretary has only been in post for 10 months. Having been consulted, his immediate predecessor who held the post on a temporary basis suggested that while the revised and clarified D Notices issued in January 1982 probably resulted in a reduction in the number of enquiries he detected no change in the level of co-operation.

3. There have always been failures to submit; the New Statesman does not submit and Chapman Pincher has never submitted a book; and there have always been refusals to accept advice; West did not make the changes sought to his two previous books on MI5* and MI6*.

*MI5 British Security Service Operations 1909-45 (1981)

*MI6 British Secret Intelligence Service Operations 1909-45 (1983)

4. With the consent of the Security Services the present Secretary has probably been more active in seeking the submission of books than his predecessor. Since those who are predisposed to submit usually do so without prompting this in itself is likely to increase the number of apparent refusals. A study of the books submitted since 1967 shows that the number of occasions on which amendments sought have not been wholly accepted has tended to rise:

	Books Submitted	Occasions on which Amendments were requested	Not wholly Accepted
1967-1971.	17	7	1
1972-1976	23	8	1
1977-1981	17	13	3
1982-1986	14	6	4

What is not known is how many books of significance were not submitted.

5. In 1987:

a. Two books have been submitted: West's "Molehunt" to which amendments were accepted and Deacon's "Truth Twisters" to which no amendment was sought.

b. Following a direct approach from Sec DPBC two publishers have refused to submit a total of 3 books: "An Affair of State" by Kennedy and Knightley and "Secrets of the Service" by Glees both to be published by Jonathan Cape, and "Stranger on the Line" by Fitzgerald, Bodley Head. Significantly perhaps these two

publishing houses have the same or overlapping Boards of Directors.

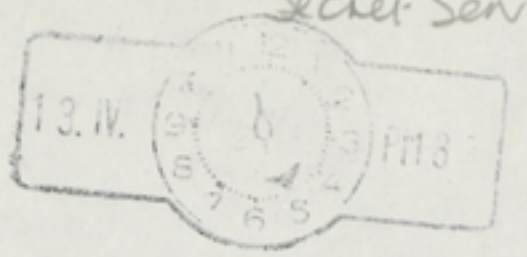
c. After discussion Heinemanns have declined to submit a book by Bishop and Mallie on the Provisional IRA, claiming, as they are entitled to, that it is a political book which does not fall within the scope of D Notice No 6.

6. As far as general negotiations with the press are concerned, where the Secretary DPBC's arguments are soundly based responsible editors remain prepared to accept advice whether they have sought it in the first place or whether it has been offered on the initiative of Sec DPBC. The small number who do not ask and would not accept advice if it were offered remains unchanged.

7. Overall it is judged unlikely that the current three refusals constitute a trend, but it must be true that over the years it becomes more difficult to restrain publication as the boundaries of the public domain spread and as pressures for freedom of information grow. No doubt the flurry of interest and exposures connected with the Peter Wright case have accelerated this process.

April 1987

SECURITY: Security of the Secret Services



10 DOWNING STREET

PRIME MINISTER

The two minutes below both suggest that the Lord President should make a private approach to Lord Blakenham regarding certain matters involving Penguin publications.

If you agree the line proposed by Mr. Mallaby in the two minutes, we would confirm, before we minuted out, that the Lord President was indeed content to approach Lord Blakenham privately as is suggested.

N.L.W.

Agree proposed line.

N. L. WICKS

10 April 1987

CONFIDENTIAL AND PERSONAL

Prime Minister
Agree to proceed as in §3?
Yes NLW 10.4

B.0143

MR WICKS

THE PETER WRIGHT CASE: POSSIBLE PUBLICATION IN NORTH AMERICA

In response to OD(DIS)(87)23, Ministers agreed that the Treasury Solicitor should write to Lord Blakenham, saying that he took it that Lord Blakenham would give him notice if the intentions of Viking Penguin Inc (ie no current plans to publish the manuscript) were liable to change. Lord Blakenham has replied that he does not feel as a matter of publishing principle that he should give the Treasury Solicitor an official assurance of advance notice but that he is reliably informed that the manuscript is not going to be published suddenly or secretly.

2. Officials have considered whether the Treasury Solicitor should press Lord Blakenham for a firmer assurance of advance notice of any change in Viking Penguin's plans. On balance, for two reasons, they advise against this:

a. Having taken a stand on publishing principle, Lord Blakenham is unlikely in further correspondence with the Treasury Solicitor to back down. We cannot be sure of the degree of influence that Lord Blakenham exercises over Viking Penguin's operations in North America, but he has indicated privately to the Lord President that he would expect to have adequate notice if the book were to be published and that he will do what he can to prevent any action by Viking Penguin

that would embarrass the Government. The best prospect of getting Lord Blakenham to use such influence as he has with Viking Penguin in the future, if this should be necessary, lies in the close contacts between the Lord President and him. We should not risk prejudicing these by formally pressing Lord Blakenham for an assurance which he is clearly unwilling to commit to paper.

b. Lord Blakenham's future co-operation could be important, since if Viking Penguin did decide to proceed with publication (or sale of their rights) in the United States, our powers of legal redress would be virtually nil. An injunction could be sought against Pearson or Penguin in this country; but an injunction is a discretionary remedy and, in the absence of evidence on whether Pearson or Penguin is in a position to interfere with a contractual relationship entered into by Viking Penguin Inc in the USA, the courts here would refuse to grant us an injunction. They might even decline to accept jurisdiction or hear the application, since the approach to such matters in the United States is different from ours and proceedings here rather than there could lead to a different result. To initiate proceedings in the United States courts would be to risk protracted hearings as newsworthy as those in Australia, and with less chance of success. (This aspect was discussed in OD(DIS)(87)3 of 19 January, paragraph 7).

3. Officials accordingly recommend:

a. that the Treasury Solicitor should send Lord Blakenham a brief acknowledgement of his latest letter, taking note of it and saying that we shall hope to hear from him in good time if the intentions of the Pearson Group should be reconsidered;

b. that the Lord President, if he is willing, should speak privately to Lord Blakenham, expressing satisfaction that the latter would expect to have adequate notice if the book were to be published in North America and adding that he would very much hope that Lord Blakenham in those circumstances would contact him.

4. I am minuting separately about the book "A Spy's Revenge" by Richard Hall, to be published by Penguin.

5. I am sending copies of this minute to the Private Secretaries to the other members of OD(DIS) and to Sir Robert Armstrong, the Treasury Solicitor and the Director General of the Security Service.

C L G MALLABY

10 April 1987

Prime Minister

Agree no further action on Hall's book as proposed in §4; and if the Lord President agrees for him to speak to Lord Blakenham as suggested at X in §5?

N.L.W.
10.4.

CONFIDENTIAL AND PERSONAL

B.0142

MR WICKS

The Peter Wright Case
"A SPY'S REVENGE" BY RICHARD HALL

In your minute of 9 April, you said that the Prime Minister had asked whether we could be assured that Hall's book[x] does not include material from the proceedings in camera in the Peter Wright case and does no more than refer to newspaper, radio and television material, as Peter Mayer claimed in his letter to Lord Blakenham; and that she would like to know the source of Penguin Books' "British and Australian legal advice" to which Mayer also referred. This matter had been discussed in OD(DIS)(O) on 8 April, and the advice in the present minute was in preparation.

Flag A

2. We cannot be sure on the Prime Minister's first point without reading the book. The important difference between Hall, an independent author, and Hooper is that the former has had no legitimate or known access to information from the proceedings in camera in the Wright case. There is no evidence that the book is not based entirely on open source material.

3. In the absence of any evidence that the book will contain material obtained in breach of confidence or prejudicial to national security, there is no basis for seeking an injunction restraining publication. Two other

* The Book on the Wright Trial which Pearson's subsidiary Penguin are proposing to publish.

courses of action, aimed at obtaining a sight of the book and/or assuring ourselves on the point which the Prime Minister has raised, are theoretically open:

a. The Secretary of the Defence, Press and Broadcasting Committee could write to the publishers, referring to references to the book in the press and offering advice. But, unless the further check by Penguin's lawyers (referred to in paragraph 3 of Mayer's letter) causes them to change their advice, Penguin would almost certainly refuse to submit the book on the grounds that there was no need for D Notice approval. News of an approach by the DPBC Secretary would get back to Lord Blakenham, who might well regard it as a rejection by the Government of the assurances he has passed (by copy of Mr Mayer's letter) to Lord Whitelaw with whom, it has to be remembered, he has been very willing to co-operate. It is worth our maintaining his goodwill in this matter; see my separate minute to you on the risk of publication of Wright's manuscript in the United States.

In the box

b. The second alternative would be a letter to Penguin from the Treasury Solicitor, seeking an assurance that the book contains no information obtained in breach of confidence and/or drawing attention to our injunction against the Guardian and the Observer which restrains publication in this country of material from Wright. A satisfactory reply would provide some reassurance. But this too would look like ignoring Lord Blakenham's contacts with the Lord President. Another disadvantage would be that Penguin might publicise the Treasury Solicitor's letter, to increase their sales.

4. OD(DIS)(O) concluded, in view of the above considerations - especially the low risk that Hall's book will contain revelations, that Ministers should be advised that we should let things rest on the assurances about the book's contents expressed in Mayer's letter to Lord Blakenham.

at Flg A

5. On the Prime Minister's second point, we cannot ascertain the source of Penguin's "British and Australian legal advice" without asking Penguin themselves. In the circumstances, this could only be done by the Lord President through Lord Blakenham. The best line of approach, if the Lord President agrees, might be for him to ask Lord Blakenham whether the further check by Penguin's lawyers has been fully satisfactory. I suggest that this would be the main point, but it would open up a conversation in which questions about the source of legal advice could be asked if that was considered necessary.

X

6. I am sending copies of this minute to Michael Eland in the Lord President's Office and Trevor Woolley here; and, although they have not seen your minute under reference, to the Private Secretaries of the other members of OD(DIS).

C L G Mallaby

10 April 1987

CONFIDENTIAL AND PERSONAL

SRW (60)

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

I have shown the Prime Minister Mr. Eland's minute of 6 April covering a letter and enclosure from Lord Blakenham concerning the publication by Penguin Books of a book by Richard Hall entitled "A Spy's Revenge".

BF

The Prime Minister has asked, in view of our unfortunate experience with Hooper's book "Official Secrets: The Use and Abuse of the Act" whether we can be assured that Hall's book does not include material from the in camera court sessions and indeed does no more than refer to newspaper, radio and television material, as Peter Mayer claims in his letter to Lord Blakenham. The Prime Minsiter would also like to know the source of Penguin Books' "British and Australian legal advice" to which Mayer refers in his letter.

I am sending a copy of this minute to Michael Eland (Lord President's Office).

(N. L. WICKS)
9 April 1987

CONFIDENTIAL AND PERSONAL

85

CONFIDENTIAL AND PERSONAL

SIR ROBERT ARMSTRONG

MR WICKS

I attach a copy of the letter and enclosures from Lord Blakenham about which the Lord President spoke to you this morning.

M J ELAND
Private Secretary

Privy Council Office
6 April 1987

CONFIDENTIAL AND PERSONAL

CONFIDENTIAL AND PERSONAL

Letter from Lord Blakenham to Lord Whitelaw dated 2 April 1987

I received the attached one hour ago. It leaves me angry, as it is the first I've heard about it and in view of my earlier conversations with Penguin I think I should have been told, even though it is not about the manuscript we discussed and is not believed to contravene the Official Secrets Act. Apparently the printed sheet attached went out recently (8 March) to booksellers and the book is due to be published on 30 April.

As to Peter Wright's manuscript, I attach recent correspondence with Mr Hogg and would expect to have adequate notice if it were to be published. If when the time comes we were to be injuncted (and I am told an injunction would not be likely to hold up in the US and would raise all sorts of problems of a UK parent attempting to suppress a publication by a distinguished US publisher) the basic problem would remain, as the Viking rights would then be lapsed and the book would be likely to be published by another US house amidst additional publicity.

Oh dear. I am afraid suppression is a difficult issue.

CONFIDENTIAL AND PERSONAL

Penguin Books Ltd

Peter Mayer
Chief Executive

27 Wrights Lane
London W8 5TZ

Telephone 01 938 2200
Telex 917181/2
Fax 01 937 8704

31st March 1987

Lord Blakenham
Pearson PLC
Millbank Tower
Millbank
London SW1P 4QX

Dear Michael,

Re: Richard Hall : A Spy's Revenge

I perhaps don't need to write you this letter, but I am writing it since you have raised other issues in connection with Peter Wright.

I only want to alert you to a book I do not believe we have legal difficulties with, but which I would not want you to become aware of after the fact. There is no reason not to publish this book, as I have been assured by both the Australian company, who originated it, and took British and Australian legal advice, and by Peter Carson and the editor, Andrew Franklin, that whilst the book tells the story of the trial and issues, the Official Secrets Act would not have any position with respect to it in terms of prohibition of publication. This is essentially a book of trial journalism, and covers the case from newspapers, radio and television.

what? from whom is comment?

Although I learned about this after my return from the States I have asked Peter Carson to check with our lawyers - who in fact have read it before and passed it for publication - to assure ourselves one more time that the information is not from sources that would raise a question.

Yours sincerely,

Peter Mayer

P.S. I am enclosing a promotion piece and some correspondence with Brian Johns, our publisher in Australia.

cc: P. Carson

PM/jt

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(LON-2)SYDNEY, DEC. 2-(AP)--MI5 OFFICER WRIGHT--Retired MI5 officer Peter Wright arrives at the Supreme Court in Australia, Tuesday. Wright is defending his book on MI5 against motion by the British government to have it publication.(AP WIREPHOTO) (pbr/rmcp30930str)1986

The time: November/December 1986.

The place: the Supreme Court, Sydney, Australia.

The occasion: H.M. Government vs Peter Wright/ Heinemann Australia.

The purpose: to prevent publication of former MI5 operative Peter Wright's potentially explosive memoirs.

The result: a courtroom drama that stirred up a hornet's nest of intrigue, speculation and scandal - that made the British Security Services headline news around the world.

Rush 'final ruling' publication 30 April

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2 April 1987

PRIVATE AND CONFIDENTIAL

Your Ref. L85/2704/DAH

Mr. D.A. Hogg
The Treasury Solicitor
Queen Anne's Chambers
28 Broadway
London SW1H 9JS

Dear Mr Hogg.

Thank you for your letter of 23 March about the Peter Wright manuscript.

Should the situation change, I do not feel as a matter of publishing principle that I should give you an official assurance of advance notice but I am reliably informed that the manuscript is not going to be published suddenly or secretly.

Yours sincerely

Clive Bradley.

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Switchboard 01-210 3000
*BY HAND Telex 917564 GTN 210
Fax No. 01-222 6006

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Pearson PLC
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LONDON
SW1P 4QZ

Please quote
L85/2704/DAH
Your reference

Date
23 March 1987

Dear Lord Blakenham,

Thank you for your letter of 11 March. I am pleased to note that there are no current plans for any part of the Pearson Group to publish the Peter Wright manuscript or offer it for publication to others.

May I take it that you would give me plenty of notice if the intentions of Viking Penguin Inc., as you describe them, were liable to change?

Yours sincerely,

D A HOGG

·PEARSON·

PRIVATE AND CONFIDENTIAL

11 March 1987

D A Hogg Esq
(Assistant Treasury Solicitor)
The Treasury Solicitor
Queen Anne's Chambers
28 Broadway
London SW1H 9JS

Dear Mr Hogg,

Thank you for your letter of 6 March. I have made enquiries about the matter you mention and find that the situation regarding the manuscript referred to is not quite as you suggest.

The manuscript is under lock and key. As I understand it, it is not being offered for publication to anyone by Viking Penguin Inc who themselves, for commercial reasons, have no current plans for publication.

Yours sincerely,

Laurence Blakemore.

Security; Secret Services PT7

SECRET

ALEX 2

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

CONTROL AND OVERSIGHT OF THE SECURITY SERVICES

The Prime Minister was grateful for the note attached to your minute of 3 April, which she has studied in some detail over the weekend.

Before discussing the note with the Lord President, the Home Secretary and the Foreign and Commonwealth Secretary, she would like to discuss it with Sir Antony Duff, "C", the Director of GCHQ and yourself.

Our office here will be in touch with you about a suitable time.

N. L. WICKS

6 April 1987

SECRET

060

7a

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C L G Mallaby Esq CMG
Cabinet Office
70 Whitehall
LONDON
SW1

Please quote
L85/2704/DAH
Your reference

Date
3 April 1987

Dear Christopher,

THE PETER WRIGHT CASE

I enclose a copy of a letter dated 2 April received from Lord Blakenham.

The reply does not go as far as we would wish but on the basis of the correspondence that has passed between this Office and Lord Blakenham, there is no further step which can be taken successfully in terms of direct legal action.

I would propose that I reply to Lord Blakenham in the following terms,

"Thank you for your letter of 2 April, the contents of which I note".

Yours ever,

David.

D A HOGG

Copied to:-

N L Wicks CBE
B Sheldon Esq CB
J Nursaw Esq CB
A Inglese Esq
C Battiscombe Esq
T Woolley Esq

PEARSON

2 April 1987

PRIVATE AND CONFIDENTIAL

Your Ref. L85/2704/DAH

Mr. D.A. Hogg
The Treasury Solicitor
Queen Anne's Chambers
28 Broadway
London SW1H 9JS

Dear Mr Hogg.

Thank you for your letter of 23 March about the Peter Wright manuscript.

Should the situation change, I do not feel as a matter of publishing principle that I should give you an official assurance of advance notice but I am reliably informed that the manuscript is not going to be published suddenly or secretly.

Yours sincerely

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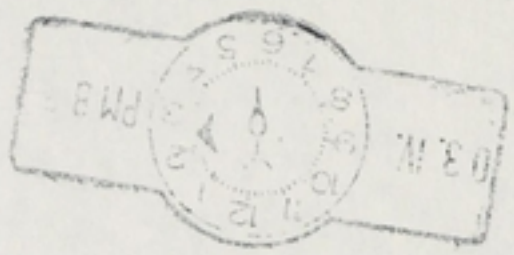

CCB/UP 1

Prime Minister,

i Agree to discuss with Lord Pres, Home Sec FCS and RTA?

Yes

Ref. A087/988

PRIME MINISTER

Yes - but I would rather see Antony Duff & 'C' plus Director

ii Ask Sir Antony Duff and Sir Brian Cubbon as well?

Control and Oversight of the Security Services

("C" + Director of GCHQ are probably unnecessary at this stage.)

by whom?

Some weeks ago I was commissioned to prepare a note discussing possible changes in the control and oversight of the Security Services.

--- 2. I now attach a note, in the preparation of which I have consulted the Home Office, the Foreign and Commonwealth Office and the Heads of the 3 Security and Intelligence Services.

N.LW 3.4

3. I think that you will probably want to discuss this note in the first instance with the Lord President, the Home Secretary and the Foreign and Commonwealth Secretary; I am therefore sending copies of the note to them.

RA

ROBERT ARMSTRONG

3 April 1987

Control and Oversight of the Security Service

Note by the Secretary of the Cabinet

I. Introduction and Summary

This paper discusses the question of providing a legislative basis for the work of the Security Service and ways in which the existing arrangements for accountability and oversight of the Service might be strengthened and be seen to be strengthened. The same matters are briefly discussed at the end in relation to GCHQ and the SIS.

2. For historical reasons, and because of the belief that it was advantageous (not least for Ministers) to be able to distance Ministers from the operations of the Security Service, the Security Service is neither a Government Department nor a body whose functions and responsibilities are defined by statute. Its functions and the limitations on its operational freedom are broadly defined in a Directive (which is now thirty five years old), and the Director General is answerable to the Home Secretary and the Prime Minister; but within that broad framework he has enjoyed a great deal of freedom in, and has correspondingly accepted a great deal of responsibility for, the management of the Service and the operations which the Service undertakes.

3. That state of affairs has probably enabled the Service to operate more effectively in the interests of national security than it would have been able to do under a tighter framework of statutory authority and more detailed accountability. But it has depended on there being a sufficient consensus, at least between the front benches of the two main parties in Parliament, that that should continue to be the state of affairs. That consensus appears to be breaking down, for various reasons - publicity for recent cases, the activities of investigative journalists, constant allegations of illegality or impropriety

in the operations of the Security Service, pressures for greater accountability. Concern centres particularly on the Security Service's role in countering domestic subversion. It is not clear that the present state of affairs can or even should be maintained for much longer. Indeed, the high level of interest in the activities of the Security Service and in possible arrangements for bringing it under tighter Ministerial and even Parliamentary control could make it increasingly difficult for the Service to continue to undertake its work and operations under the sole authority of its Director General working within the Directive. The Director General and many members of the Service would welcome a stable and legally sound basis from which to operate, though it has to be recognised that putting the Service on a statutory basis would increase the opportunity for and risk of legal challenge and judicial review.

4. Suggestions for change concentrate mainly on three areas:

1. The possibility of putting the Service and its work on to a statutory basis.

2. The possibility of introducing some form of oversight of the Security Service, other than that now exercised by or on behalf of Ministers.

3. The possiiblity of bringing up to date and perhaps strengthening the Directive to the Director General.

5. Cases now before the European Commission of Human Rights (ECHR) may in due course lead to findings which will oblige Ministers to consider the introduction of legislation to provide a statutory basis for the Security Service and an effective remedy for citizens who believe their rights to have been infringed by the activities of the Service. It is not too soon to consider what would be involved in such legislation, both in case of adverse findings by the ECHR and in case Ministers might

want to consider the introduction of legislation in anticipation of these findings.

6. Further consideration should also be given to whether any new form of oversight of the Security Service should be introduced, and what form that might take; and to the modernisation and possible strengthening of the Directive to the Director General.

7. Consideration should also be given to the implications for GCHQ and the SIS of the introduction of legislation or of new oversight arrangements for the Security Service.

8. Ministers are accordingly invited to consider whether, in order to take the study of these matters further:

1. Officials should examine the possible form and contents of legislation to put the Security Service on a statutory basis, in a way which would satisfy the requirements of the European Convention on Human Rights.

2. It is agreed not to pursue further possible forms of external oversight of the Security Service.

3. The decision to appoint Staff Counsellors for all the security and intelligence services should be confirmed and implemented.

4. Officials should prepare detailed proposals for establishing a Security Service Counsellor, who would subsume the responsibilities of the Staff Counsellor already approved and also undertake a wider role in relation to the propriety of Security Service activities and operations.

5. Officials should continue to work on the preparation of a revised and updated Directive for the Director General of the Security Service.

6. Further consideration should be given to the implications for GCHQ and SIS of changes proposed for the Security Service.

II. The need for and possible content of legislation

9. Disclosures made by Miss Cathy Massiter and others have provided material for cases to be brought before the ECHR by three British citizens, alleging breaches of the European Convention in relation to activities of the Security Service. These cases are described in Annex A. They go to the heart of the Security Service's basis and functions. Present legal advice is that key functions of the Service, above all its practice of opening files on subversives and their associates without external supervision or sanction, may be held to be in breach of the European Convention on Human Rights. Such findings would oblige the Government to consider legislation to put the Security Service on to a statutory basis. It would certainly come under increased pressure to do so.

10. As a minimum legislation would have to provide a basis in law for those matters which will be coming before the ECHR in the current cases. This does not necessarily involve giving an exhaustive list of the functions of the Security Service. For ECHR purposes the legislation would have to demonstrate that the Security Service's operations were conducted in accordance with law and establish statutory arrangements for the provision of public redress in respect of complaints about Security Service activities. This might take the form of a tribunal akin to that set up under the Interception of Communications Act 1985. Such a tribunal would require some definition of Security Service duties and powers against which to measure complaints.

11. In addition the legislation would probably need to provide for such authorisations as might be thought necessary for particular types of operations, eg warrants to enter premises for the purpose of investigations. Such a provision would help to reassure the Service about its present operations and any Staff Counsellor who may be appointed.

12. The Government could find itself in a weaker position on legislation in relation to the cases before the European Commission than it was on interception following the Malone case. On interception there were administrative policies and procedures described in a White Paper which were held to be satisfactory and lacking only statutory backing and recourse. For the other activities of the Security Service the only published document is the 1952 Directive to the Director General. The existing Directive (and its unpublished supplements) are being reviewed by the Home Office and the Service. The principal questions are whether the position where not all the Directives have been published can continue to be maintained; and if not whether the main published Directive should be altered in advance of legislation to match the present objectives and priorities of the Service.

13. If the Government is likely to have at some stage to consider whether to legislate, it would be sensible now to begin the examination of what would be required. Apart from providing a basis for reaching a decision after an adverse finding by the ECHR, that would enable Ministers, if they wished, to consider legislating before the ECHR cases are concluded in three or four years' time. Thus the examination would help to enable Ministers to reach a view in principle on whether legislation was necessary and practicable, quite apart from whether it had to be considered as a response to a finding of the ECHR.

III. Oversight of the Security Service

14. The introduction of legislation would no doubt increase the pressure for instituting some form of oversight of the Security Service, unless the provisions in the legislation (for instance, a tribunal for public redress, and possibly - if the interception precedent were followed - a Commissioner to monitor operations) were thought to be sufficient. But that pressure exists already, and recent events make it timely to consider once again whether the Government should introduce some further oversight of the work of the Security Service, beyond that provided by the present responsibilities of Ministers.

15. It is possible to envisage two forms of oversight. That most commonly canvassed in public discussion is external oversight: that is to say, oversight by a person or body - for instance a Committee of Privy Counsellors - reporting not to Ministers but to Parliament. This form of oversight would present formidable difficulties. If a new external oversight body were within the fence of confidentiality, it would not be in a position to reveal all it knew to Parliament or the public; it would have to be taken on trust, as Ministers have to be under the present arrangements, and it might not be seen as sufficiently independent of the Executive. On the other hand a body outside the fence of confidentiality could not be told all that it (or others) might think that it needed to be told in order to satisfy itself and those to whom it reported that it was able to carry out its functions satisfactorily.

16. There are a number of overseas precedents for external oversight, notably in the United States and the Federal Republic of Germany. These precedents demonstrate the problems; and recent public debate in this country has suggested that there is a considerable body of opinion which recognises the problems about external oversight.

17. Another option would be some form of internal oversight designed to buttress the present role and responsibilities of Ministers and the Director General of the Security Service, in a way which could be presented publicly as increasing the accountability of the Service to its Ministerial masters. This is the way the Australians have gone, with the recent appointment of a full-time Inspector General for the security and intelligence agencies; but it is not clear that we need or should benefit from anything as intrusive as this would be likely to be.

18. The suggestion below is addressed to the possibility of a new form of oversight for the Security Service, which would concentrate on the propriety of the tasks undertaken by the Service as the field with which Parliamentary and public opinion would be most concerned, and would leave in place existing arrangements for financial and accounting supervision, as well as the present arrangements for dealing with interception of communications.

19. Ministers have already approved the introduction of Staff Counsellors in the Security Service, GCHQ and SIS, to whom staff could turn if dissatisfied after pursuing some concern on a matter of conscience or propriety through normal management channels. Individuals have been identified, but no Counsellors have as yet been appointed. The suggestion is that, in the case of the Security Service, the office of Staff Counsellor might be combined with a duty of surveillance of, and reporting to the Home Secretary on, the propriety of the operations of the Service. In announcing the appointment of what might be called the Security Service Counsellor, both roles would be revealed.

20. In this more general duty of surveillance of propriety, the Security Service Counsellor would need to be able to inform himself about the work of the Security Service in order to be able to advise the Home Secretary on its propriety. He would be

available for consultation by the Director General or the Home Secretary on general or specific matters of propriety, with particular regard to the Security Service Directive. The Security Service Counsellor might also have a right to be kept informed by the Director General on the arrangements for ensuring that the Directive was being observed and members of the Service would be able to refer to him questions about propriety of operations. He might make an annual report to the Home Secretary. In this role he would not become involved in the planning or supervision of operations or in any matters unrelated to propriety, though as a Staff Counsellor he might also have a role in relation to grievances about terms and conditions of service.

21. In order to avoid overlap with the Commissioner and Tribunal already appointed under the Interception of Communications Act, the Security Service Counsellor would not enquire into policies and procedures concerning the interception of communications by the Security Service, though he might become involved if as Staff Counsellor he was called upon to advise on a problem of conscience about an interception.

22. To be credible in his wider role a Security Service Counsellor would need not only to have the confidence of Ministers and of the Service but also to have sufficient public standing to carry respect and confidence of Members of Parliament and the public. Since he could be involved in matters where it might be a question whether action was or was not in compliance with the law, or in activities covered by the unpublished Directives, it would be better not to have a judge, at any rate unless and until legislation had put the Service and its activities on a statutory basis. Members of Parliament would not be suitable, and prominent former MPs would be unlikely to wish to undertake this relatively narrow and specific function. Ex-members of the public service, civil or

military, could well be suitable but might not always be thought to be sufficiently independent. Another possibility would be to find a suitable academic, banker or businessman.

23. But this might not prove to be a very satisfactory arrangement. The functions of a Staff Counsellor are clear enough: he would respond to approaches, complaints or grievances from members of the Service, or to requests for consultation by the Director General. His existence would provide some assurance for the Secretary of State, and/or external opinion, that requests or instructions to members of the Service which seemed to those concerned to be difficult to reconcile with their consciences (because they might involve "illegality" or "impropriety") could be reviewed before they were required to be acted upon. The appointment of a Staff Counsellor would satisfy and be welcomed by the group of Conservative backbenchers led by Sir Edward Gardner who have been pressing for such an appointment.

24. The wider role, on the other hand, would be less clear; and it would impose on the Counsellor a duty to be informed without a clear arrangement as to how he was to be informed. The wider role would not satisfy those (like Mr Callaghan and Dr Owen) who are arguing for more elaborate oversight arrangements - a Committee of Privy Counsellors, for instance.

25. If it is accepted that it is likely that legislation will be required within the next four or five years, and in the context of that legislation it is likely that some more elaborate form of oversight will have to be established (whether in the form of a Commissioner, as in the case of interception, or of a Committee of Privy Counsellors reporting to the Prime Minister), the best course now may be to proceed with the appointment of Staff Counsellors as already agreed but to make no other changes. It could reasonably be argued that the appointment of a Staff Counsellor ensures the ability of members

of the Security Service effectively to call into question, in a way which could ultimately involve the Secretary of State, the propriety of a particular course of action proposed.

IV. The Security Commission

26. The Security Commission's role is different, and it should remain separate. Its function is to consider cases referred to it (usually following a prosecution) of breaches of security anywhere in the public service, not just in the security and intelligence services. That function would still be needed, and the introduction of legislation about the Security Service or the appointment of a Security Service Counsellor would not alter the present role of the Security Commission in discharging it. The Security Service Counsellor, like the Director General at present, could be called by the Security Commission to give evidence in their investigations, particularly where a breach of security had occurred in the Security Service itself; but he would not be the servant or agent of the Commission.

V. GCHQ and SIS

27. The focus of Parliamentary and public concern at present is on the Security Service. The arrangements discussed above could be confined, at least initially, to that Service. As already envisaged, Staff Counsellors could be appointed, without any wider function in relation to propriety of operations, for GCHQ and SIS.

28. The case for oversight arrangements for GCHQ is (despite recent events) less strong than for the Security Service. GCHQ's operations are not generally seen as a potential threat to civil liberties at home, since they are concerned mainly with military and foreign intelligence; and their work consists of the interception of communications and in the United Kingdom is already covered by legislation, including the Interception of

Communications Act, with its Tribunal and Commissioner. It is not at all clear that there would be a wider role for a GCHQ Counsellor, parallel to that suggested for a Security Service Counsellor.

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OF THE PUBLIC RECORDS ACT

31. As already indicated, Directives could in principle be introduced for GCHQ and SIS, and could be published. Drafts are being prepared by officials in case Ministers should wish to consider this possibility.

Conclusions

32. Ministers are invited to consider whether, in order to take the study of these matters further:

i. Officials should examine the possible form and contents of legislation to put the Security Service on a statutory basis, in a way which would satisfy the requirements of the European Convention on Human Rights.

ii. It is agreed not to pursue further possible forms of external oversight of the Security Service.

iii. The decision to appoint Staff Counsellors for all the security and intelligence services should be confirmed and implemented.

iv. Officials should prepared detailed proposals for establishing a Security Service Counsellor, who would subsume the responsibilities of the Staff Counsellor already approved and also undertake a wider role in relation to the propriety of Security Service activities and operations.

v. Officials should continue to work on the preparation of a revised and updated Directive for the Director General of the Security Service.

vi. Further consideration should be given to the implications for GCHQ and SIS of changes proposed for the Security Service.

Cabinet Office

3 April 1987

ANNEX A

Application No. 12015/86: Isabel Hilton v UK

Outline of the facts

In Autumn 1976 Ms Hilton sought employment with the BBC Scottish News Department. In the event she says that she was not offered the job because of a security assessment carried out on her by the Security Service and which, she says, was mistaken in certain respects. The Government disputes both assertions. In fact Ms Hilton had accepted alternative employment before the security assessment was begun.

Nature of alleged breaches

Ms Hilton's complaint relates to the obtaining , retention and application of personal information in circumstances which adversely affecte her prospects of securing the BBC appointment in breach of her right to respect for private life guaranteed by Article 8 of the European Convention on Human Rights. She also complains that she has no remedy, contrary to Article 13 of the Convention, in relation to her complaint under Article 8.

Likely result

A finding of a breach of Article 8 is likely notably because of the absence in English law of an adequate legal basis (including satisfactory safeguards) for such security assessments. A breach of Article 13 is likely to follow any such finding (and may be found even if no breach of Article 8 were to be found).

Application No. 12175/86: Patricia Hewitt and Harriet Harman v UK

Outline of facts

Ms Hewitt and Ms Harman allege that, by reason of their association with the NCCL, records were kept on them by the Security Service the maintenance of which involved surveillance of various kinds of their activities and associations. The Government neither accepts nor denies these allegations (which are based on evidence of Ms Cathy Massiter).

Nature of alleged breaches

The applicants allege that the maintenance of records and the surveillance of their activities and associations breach their right to

respect for private life guaranteed by Article 8. They also complain that the surveillance breaches their right to freedom of expression guaranteed by Article 10 because their opinions are recorded by the Security Service and because the prospect that information may be used against them may inhibit their freedom of expression. They also complain under Article 11 in relation to their right to freedom of association because they say that those with whom they associate are at risk of being regarded as subversive because of their association. Like Ms Hilton, the applicants also complain that they have no remedy, contrary to Article 13, in relation to their complaints under the Convention.

Likely result

As in Ms Hilton's case, a finding of a breach of Article 8 can be expected notably because of the absence in English law of an adequate legal basis (including safeguards) for such activities of the Security Service. A breach of Article 13 is also likely to be found. It is unlikely that separate breaches of Articles 10 and 11 will be found.

Timetable

The Commission's Report in each case is likely in the first half of 1988 and if, as can be expected, the cases are referred to the Court, judgment is likely at the end of 1989/early 1990 (though this timetable could slip).

SECURITY; Secret Service pt 7

PART 6 ends:-

HOME OFFICE to M. SAUNDERS 3/3

PART 7 begins:-

RTA to PM (A087/1988) 3/4