

CONFIDENTIAL



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10 DOWNING STREET

from the Private Secretary

28 December 1983

Anglo/German Foundation

The Prime Minister has seen a copy of your Secretary of State's minute of 23 December to the Chancellor about the Government's contribution to the Anglo/German Foundation.

Since the sum involved is so modest, the Prime Minister agrees with your Secretary of State that it would be right to continue to match the FRG Government's commitment to support AGF financially at the current level over the next five years.

I am sending a copy of this letter to John Kerr (HM Treasury) and Callum McCarthy (Department of Trade and Industry).

MR. D. BARCLAY

NR

Roger Bone, Esq.,
Foreign and Commonwealth Office.



*There is no point
in arguing about
£125,000
per annum
Agreed Prime Minister*

FCS/83/277

*Perhaps await
Chancellor's response?*

CHANCELLOR OF THE EXCHEQUER

*DMS
23/12*

Anglo-German Foundation for the Study of Industrial
Society (AGF)

1. At the Prime Minister's briefing meeting during the Anglo-German Summit, I reported that Herr Genscher had proposed that the Prime Minister and Chancellor Kohl should congratulate the Anglo-German Foundation (AGF) on its 10th anniversary at their joint press conference. Aware of your officials' doubts about maintaining our commitment (£125,000 per annum carried on the DTI vote) to the AGF, I discouraged the idea; neither Herr Genscher nor Chancellor Kohl pursued it.

2. I am now seeking your support for maintaining the British Government's modest contribution over the next five years to this valuable instrument of Anglo-German cooperation in the industrial and social fields. The relevant facts are as follows:

- (i) The Germans endowed the AGF with a capital sum of £2 million;
- (ii) in 1982 British and German officials agreed in principle to continue cash grants of £250,000 per annum (German contribution) and £125,000 per annum (British contribution) in the period 1984-89 (we have resisted the German attempt to have funding shared equally) subject to a review of AGF activities in 1984;
- (iii) virtually all the AGF's annual expenditure of about £1/2 million is in the UK;

/(iv)



- (iv) officials are agreed that the AGF operates efficiently and economically. The Prime Minister wrote to Lord Croham on 1 October 1982 confirming her support;
- (v) the Germans regard the 1984 review as a formality; there is no doubt about their commitment to continue financial support;
- (vi) if Government support were withdrawn the AGF would eventually be wound up. It is totally unrealistic to expect the AGF to live on the proceeds of seminars, and publications;
- (vii) the AGF operates in Germany from the offices of the Humboldt Foundation, but in London from offices in Bloomsbury Square, acquired and renovated by the Volkswagen Foundation at a cost of some £4 million.

3. There is inevitably room for more than one view about the intrinsic worth and utility of aspects of the AGF's work. But there can be no doubt at all about the importance which the Germans attach to it. They would regard a decision on our part to withdraw financial support as a policy decision to remove a viable element in our cooperation, in contradiction to the importance we profess to attach, and indeed do attach, to the bilateral relationship. The adverse German reactions, and likely effect on German attitudes to cooperation with us, would far outweigh the annual savings of £125,000

4. If the AGF is considered in any terms other than that of Government expenditure, Britain has already gained far more than the cost of the subsidy. The main base of operations is here, was paid for by the Germans, and the initial endowment was also entirely German. £125,000 per annum seems to me a minimum token

/of official



of official British interest and support for an organisation which benefits Britain more than it does Germany.

5. I hope, therefore, that your officials will approach the 1984 review in a positive spirit and that we can agree in principle to continue to match the FRG government's commitment to support the AGF financially at the current level over the next five years.

6. I am copying this minute to the Prime Minister and to the Secretary of State for Trade and Industry.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
23 December 1983

23 Dec 1988

