



File 165
cc Fro

10 DOWNING STREET

THE PRIME MINISTER

21 July 1986

Dear Sir David

Thank you for your letter of 7 July, with which you enclosed the Council's latest Annual Report and your appreciation of my personal interest in the Council's activities overseas.

I should be grateful if you would pass on to your staff, at home and overseas, my appreciation of their valued contribution and my best wishes for the coming year.

Yours sincerely
Margaret Thatcher

Sir David Orr, MC.

Lib



Foreign and Commonwealth Office

London SW1A 2AH

16 July 1986

Dear Charles

British Council: Annual Report

Your letter of 8 July enclosed a copy of the letter to the Prime Minister from Sir David Orr, covering the Council's latest Annual Report. You have asked for a draft reply and any comments.

The Annual Report follows much the same pattern as previous reports, listing the achievements of the Council, and repeating its plea for a higher level of funding. Sir John Burgh in his statement to the press at the launching of the Report (copy enclosed) was characteristically disobliging and critical of the Government's treatment of the Council, particularly over security expenditure (where we are in fact proposing to help them, although no extra provision has yet been forthcoming). Sir John Burgh is unlikely to change his tactics on such matters at this late stage in his term of office.

The Foreign Secretary has made a brief reference to the Council's press conference in his own reply to Sir David Orr (copy enclosed). He does not therefore think it necessary for the Prime Minister to make the same point. The draft reply attached is low key.

I am returning the Annual Report.

Yours ever

R N Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street

Postamt und Fernsprechamt
Postamt



DSR 1 (Revised Sept 85)

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1 +

FROM:

Reference

The Prime Minister

DEPARTMENT:

TEL. NO:

Your Reference

BUILDING:

ROOM NO:

SECURITY CLASSIFICATION

Top Secret

Secret

Confidential

Restricted

Unclassified

TO:

Copies to:

Sir David Orr, MC, LLD
The British Council
10 Spring Gardens
LONDON SW1A 2BN

SUBJECT:

done already

PRIVACY MARKING

..... In Confidence

CAVEAT

Thank you for your letter of 7 July, with which you enclosed the Council's latest Annual Report and your appreciation of my personal interest in the Council's activities overseas.

~~For my part~~ I should be grateful if you would pass on to your staff, at home and overseas, my appreciation of their valued contribution and my best wishes for the coming year.

CH

Enclosures flag(s)

British Council: FOR.

POL.

Aug 79.

DSG



file

cc: Sir Patrick Wright,
FCO

10 DOWNING STREET

From the Private Secretary

8 July 1986

Jan Tony

DIRECTOR-GENERAL OF THE BRITISH COUNCIL

Thank you for your letter of 7 July about the successor to Sir John Burgh as Director-General of the British Council.

The Prime Minister has noted the Foreign Secretary's decision to approve the appointment of Mr. Richard Francis.

I am copying this letter to Joan MacNaughton (Lord President's Office).

yes sir,
Charles Powell

Charles Powell

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

DSG

From
(returning A. Report)
Sir David ORR
22/7



✓

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

8 July 1986

AJ

I attach a copy of a letter the Prime Minister has received from Sir David Orr, Chairman of the British Council.

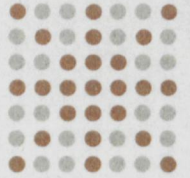
I should be grateful for a draft reply and any comments, to reach us by Tuesday 22 July.

Charles Powell

Robert Culshaw Esq
Foreign and Commonwealth Office.

✓

The British Council



Our ref GEN/561/3/1
cc GEN/560/3C
Your ref
Tel ext .2065

Promoting cultural, educational
and technical co-operation between
Britain and other countries

10 Spring Gardens
London SW1A 2BN
Telephone 01-930 8466
Telex 8952201 BRICONG

From the Chairman
Sir David Orr MC LLD

7 July 1986

RST

*FCO for
depr reply +
any comment
please
OR*

The Rt Hon Margaret Thatcher MP
Prime Minister
No 10 Downing Street
LONDON
SW1

Dear Prime Minister

I have pleasure in sending you a copy of our latest Annual Report.

You will see that it reports considerable success which brings both immediate and long-term benefits to Britain in many areas of our international affairs.

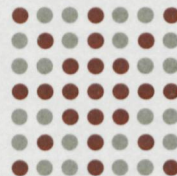
I am truly grateful to you for the personal support you have given us during the past year. Our staff are always delighted by the interest which you show when you visit our offices overseas. I do believe that the Council is a success story and that it promotes British interests effectively. I very much hope that you will be able to include our offices in your itinerary on future overseas tours.

*Yours sincerely,
David Orr*

610

PREM 19/1458

The British Council



Our ref GEN/561/3/1
cc GEN/560/3C

Your ref

Tel ext .2065

Promoting cultural, educational
and technical co-operation between
Britain and other countries

10 Spring Gardens
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From the Chairman
Sir David Orr MC LLD

7 July 1986

R87

*FCO for
depr reply +
any comment
please
DOR*

The Rt Hon Margaret Thatcher MP
Prime Minister
No 10 Downing Street
LONDON
SW1

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*Yours sincerely,
David Orr*

Press release

10 Spring Gardens
London SW1A 2BN
Telephone 01-930 8466
Telex 8952201 BRICON G

No. 1 **The British Council Annual Report press conference:**

Statement to the Press by Sir John Burgh, Director General

Tuesday 8 July 1986

Plea to boost Britain's links overseas

Despite some striking international successes for British education and the arts in the past year, the British Council warns that opportunities are being lost because Britain's promotion overseas is inadequately funded. Launching the Council's annual report in London yesterday (8 July) Sir John Burgh, Director General, said Britain attaches too little importance to projecting a positive image overseas. The Council's declining Government grant left it with insufficient funds to promote Britain's many strengths whilst other countries continue to spend far more on cultural promotion.

Sir John called for a halt to the decline in the Council's funding and criticised the government for not helping the Council meet its soaring security costs since the assassination of two staff in 1984. He warned that France and Germany were spending between two and three times more on analogous work. He called for a national policy on overseas students to revive Britain's falling share of the world market. He outlined the British Council's work in South Africa which offers a lifeline to many in the black communities.

Achievements

Sir John reported that the Council's earnings had reached nearly £50 million a year and had increased in real terms by 50% since 1979-80.

He said that British Education week in Malaysia last May, which attracted 32,000 visitors in four days, was one of the Council's most

Outstanding successes in the past 12 months, part of a greater promotional effort for our education overseas.

Other achievements were the winning of 10 new education contracts worth nearly £7 million including a training package for China's Karamay oil project, the opening of a new office in Shanghai, a new representation in Brunei and seven new English teaching centres.

(See press release no.2: The British Council: A successful year)

Overseas Students - Britain's market share continues to decline

Sir John Burgh called for Britain's overseas links to be strengthened by recruiting more students from abroad. He announced figures which show that overseas student numbers in Britain have risen slightly for the first time in six years following a decline of nearly 40% since full cost fees were introduced in 1979/80. The highest number of overseas students recorded in Britain was 90,792 in 1978/79 which has since fallen to 56,121 in 1984/85, the most recently available figure. This represents a 0.9% increase over 1983/84.

Commenting on the figures, Sir John said: "This is a step in the right direction but no more. The fact is that Britain's share of the world's one million overseas students has fallen by nearly 50% in the last six years and it is still going down. Other countries are more successful in attracting overseas students. We need friends overseas just as much as the Americans, French, Germans and Russians, all of whom have more students from abroad than we do."

Sir John said recent promotional efforts by the Council and the higher education sector had been successful but by themselves were insufficient. "A national policy for overseas students is long overdue in Britain. The Japanese have a national policy designed to recruit

particular groups from particular countries to meet particular objectives, not least that study abroad should be a rewarding experience. It is high time that we did the same."

(See press release no's 3 and 3a: Overseas Students in Britain)

South Africa

Speaking about the Council's work in South Africa, Sir John said: "Calls for the Council to withdraw are misguided and confuse the issue".

The work of the British Council in South Africa will enable the leaders of the black and other disadvantaged communities to preside over the dismantlement of apartheid with greater self confidence and professional authority. The Council's £1.7 million programme in South Africa (with £900,000 contributed by the British Government's Overseas Development Administration) brings about 200 people a year from South Africa to Britain on visits and training awards. In addition, there is a scholarship programme funded by the ODA from ex-UNESCO money. About 90% of its clients are black and the Council only participates in activities which directly involve the black community or cross racial barriers. The Council has no links with the South African government.

(See press release no.4: The British Council in South Africa)

Progress despite problems

Sir John pointed to the Council's education counselling service (ECS) as a vivid example of a successful Council operation both inspired and hampered by financial constraint. Funded entirely by Britains Universities and Polytechnics and managed by the British Council, the ECS pilot project was established in 1984. Since then, the service has handled over 30,000 enquiries from Malaysia, Hong Kong and Singapore.

University applications from these three countries have increased by 11.5%. But the expansion of the service is dependent upon increased funds which are not at present forthcoming.

Further cuts likely and opportunities lost

Sir John warned that the British Council still faces further erosion of its work at home and abroad before the end of the decade despite increased earnings. This is because the principal government grant has declined in real terms by 21% since 1979. On present information, the decline is expected to continue until 1989/90 when the short-fall is expected to amount to a further £4.2 million.

"The fact is" said Sir John, "however much more we earn, surpluses are small and mostly cannot be transferred from the countries where they are earned. Neither are we able to make any more significant economies sufficient to meet government demands for further savings. We are left with no option but to cut activity further unless a little more money is forthcoming from the government."

Sir John said the Council needed more resources in countries where there are great opportunities for Britain.

(See press release no.5: The British Council's Financial Dilemma)

Security: Spiralling costs hit the British Council

Sir John said that since the assassination of two staff in Athens in 1984, the British Council has been forced to spend substantial additional sums on security which have increased even further since the recent bombing of Libya.

Between April 1984 and March 1986, the cost to the Council has been and extra £800,000 a year. Since the bombing of Libya, further expenditure at the rate of over £500,000 a year is being incurred.

Despite repeated requests to the government for reimbursement of these extra costs, nothing has been received to help relieve the Council's budget which is already subject to financial constraint. Since provision for the safety of staff must be the first priority, these sums have had to be taken from the Council's operational and capital budgets, thus reducing them still further.

"The Government has recently promised £250,000 for the current financial year, the possibility of more and sympathetic consideration for 1987-88," said Sir John. "It is deeply disappointing and very surprising that hitherto the government has been unwilling to reimburse these unavoidable additional expenses from its General Reserve."

Foreign Affairs Committee Enquiry

Sir John welcomed the Foreign Affairs Committee's enquiry into cultural diplomacy which is expected to produce a report later this year: "It is high time that we had a serious and independent review of alternative forms of diplomacy. I hope it will establish how much our work is in the national interest and will help us to secure the minimal increases in funding necessary to enable the Council to seize opportunities to present British values and culture overseas."

He compared Britain's blinkered approach to the enlightened attitude to cultural diplomacy shown, for example, in France and Germany who spend between two and three times as much on analogous work.

(See press release no.6: Cultural Relations expenditure by other countries).

The arts

Sir John reported striking successes for the arts overseas but pointed out that the spending power of the arts budget had fallen by over a

arter over the past five years. The sum available for additions to the Council's art collection, £30,000, is now scarcely half the price of a painting by a leading contemporary artist. The Council sponsored or supported 570 artistic events overseas in the past year and notable successes include the Royal Opera and the National Theatre at the Athens Festival, and the spectacular Britain in Vienna Festival. Another major event was the Treasure Houses of Britains Exhibition, which was attended by almost one million people, breaking all attendance records at Washington's National Gallery of Art; all the exhibits were collected and transported accross the Atlantic by the Council.

The Prince and Princess of Wales visited both Vienna and Washington, adding greatly to the impact of these powerful advertisements for Britain.

Currently, Frank Auerbach, chosen by the Council to represent Britain, has won the Golden Lion prize at the Venice Biennale. The Council has also organised the Henry Moore exhibition recently in Hong Kong and now in Japan, the first of his work in the Far East and the largest ever held overseas.

The programme for the remainder of 1986 includes sponsorship for Michael Clark in the USA, perhaps Britain's most exciting and controversial young dancer; performances by the Royal Ballet, Welfare State International and other groups at the Vancouver Expo; a Turner exhibition in Japan, the last of its kind before the collection is housed in the new Clore Gallery; the Gabrielli Brass Ensemble in China, plans for a ceramics exhibition in Moscow and a tour of the Soviet Union by the London Sinfonetta. The Council will also stage a film retrospective in Moscow later this year in association with the National Film Archive, featuring 25 major British films from the last 30 years.

ENQUIRIES:

JOHN NICKSON

TEL: 01-930 8466

PRESS OFFICE

EXT: 2057

THE BRITISH COUNCIL



Foreign and Commonwealth Office

London SW1A 2AH

From the Secretary of State

17 July 1986

Thank you for your letter of 7 July, enclosing a copy of the 1985/86 Annual Report, listing the Council's achievements over the past year.

You will be aware that despite the impression given in the Director-General's press conference on 8 July, we have high regard for the work of the Council and are anxious to meet your legitimate financial needs as far as possible. I am personally saddened by the thought that some of John Burgh's remarks on that occasion, particularly about security, were regrettable and not in the Council's best interests.

I should be grateful if you would pass on my warm appreciation to all the Council's staff at home and abroad, and my best wishes to them for the coming year.

GEOFFREY HOWE

Sir David Orr MC LLD