

10 DOWNING STREET

LONDON SWIA 2AA

THE PRIME MINISTER

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Sunday

Mean Man

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Strictly private and confidential Sunday [?5 Nov 1989]

Dear Alan

May I put down some of my own thoughts in this <u>very private letter</u>.

First my feeling of immense gratitude to you for the quality, integrity and soundness of the advice you have given me over the years. I believe the work you did in my office, working with the Treasury during our first administration, put us on the right path and was the foundation of our later success. People of your own professionalism and modesty are often the victims of a ruthless media which talks of compassion and practises personal harrassment and bullying of people and their families disregarding all rules of decency and privacy. Fortunately you have had a very good press in the

Papers which like my ferverty believe roman nick! Second during our second and there admission we were rever able to seam the fully given co-quedio- of the Treasury learn of the kind we had in the first. So the Twicks Denuicus and dismission we used to enjoy and where we havened out the varyop arguments became a thing of the past Third. I was holy appalled ston Nigel asked whether I would disperk with your advice It seemed to me a totally wjust and shouling they to do and I would never have done it. I brusier it would only have creded a new Set of problems between No 10 and No 11 which Would have been a field day for the press and he'lly dangers for the forement. We reded to resolve differences not to credit new ones. Thereare papers which like me, fervently believe you are right.

Second, during our <u>second</u> and <u>third</u> administrations we were never able to secure the freely given cooperation of the Treasury team of the kind we had in the <u>first</u>. So the lively seminars and discussions we used to enjoy and where we hammered out the varying arguments became a thing of the past.

Third, I was truly <u>appalled</u> when Nigel asked whether I would dispense with your advice. It seemed to me a totally <u>unjust</u> and <u>shocking</u> thing to do and I would never have done it. Moreover, it would only have created a new set of problems between No.10 and No.11 which would have been a field day for the press and highly damaging for the government. We needed to <u>resolve</u> differences <u>not to create new ones</u>. Moreover



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real reason for the threatened respection. Next seemed determined to for and unsillings were to think about it for a further day or so.

Light willedon, an own food, and a very high wade definite which is a particularly sensitive which is a particularly sensitive lim is British points. Not possession the very high where rate which falls particularly very high where rate which falls particularly very high where rate which falls particularly very high where respect which falls us all our heavily on some people. It will take us all our wisdom and line to recorn to the pound besing wisdom and line to recorn to the pound besing that people capital. It us

Truth and loyally are very difficult.

Things to pursue. But, like you I shall continue to do just that for those qualities are asserted for leadership and for the food 1, politics essential for leadership and for the food 1, politics

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I could not believe that that was the <u>real</u> reason for the threatened resignation. Nigel seemed determined to go and unwilling even to think about it for a further day or so.

Fourth, as you know he has left us with high inflation, an own goal, and a very high trade deficit which is a particularly sensitive item in British politics. Not to mention the very high interest rate which falls particularly heavily on some people. It will take us all our wisdom and time to recover to the sound basis that people expect of us.

Truth and loyalty are very difficult things to pursue. But, like you, I shall continue to do <u>just that</u> for those qualities are essential for leadership and for the good of politics.

deeply regret the house that have been caused to you offendely and your Jamily because you have been such a wordinged adviser and friend to No 10 and to Britain as well as to me. I hope you will come to London frequently and cortail, us so that the friendships which we value so much, may Continue. And renhans a little advice too. Vainert rejands to you toth. With fratitude. Commen Payarel

I deeply regret the troubles that have been caused to you & Paddy and your family because you have been such a wonderful adviser and friend to No.10 and to Britain as well as me.

I hope you will come to London frequently and contact us so that the friendship which we value so much, may continue. And perhaps a little advice too.

Denis joins me in sending our warmest regards to you both.

With gratitude Yours ever Margaret