

Scua.
(Rifkind).

PRIME MINISTER

I attach a private letter from Bill Walker, enclosing several articles from the Scottish press relating to Malcolm Rifkind's recent threat to resign. Most of these you have already seen.

Bill Walker reports that this episode has severely damaged the Party in Scotland and says that this situation cannot be allowed to continue. He suggests either moving Malcolm to another job, or strengthening Michael Forsyth's position.

Mark and I have discussed this and we believe that you should send Bill a neutral reply, a draft of which is attached, and then have a quiet word with him after Questions one day.

Michael Forsyth tells me that a System 3 opinion poll comes out tomorrow morning. This shows that our support in Scotland has fallen from 21% to 15% following the Rifkind/Community Charge incident.

JHW
7

JOHN WHITTINGDALE

2nd April, 1990

From: - Bill MANKER M.P.

The Rt. Hon. M. Thatcher M.P.,
Prime Minister.



PRIVATE AND CONFIDENTIAL.

HOUSE OF COMMONS
LONDON SW1A 0AA

29th March 1990

Dear Prime Minister,

I enclose copies of two articles which were published last Sunday. I cannot overstate the damage which this has done to morale within the party in Scotland. As Vice Chairman I have discussed this matter with Nicky Fairbairn and Allan Stewart, who I understand are to write to expressing their views. I have also advised the Chairman of my intention to write you a private and personal note.

As you will see Malcolm is blaming you for a matter which by any standards is his responsibility. He is claiming credit for reversing his error of judgement and is doing so at your expense and at the expense of party unity.

He is undermining the work of the Scottish Party Chairman and making it impossible for loyal "Thatcher" supporters to actively campaign on the government's policies. Instead, time and energy now has to be spent deflecting the anti-Prime Minister comments of Malcolm and Alick Buchanan-Smith. Previously in Malcolm's case they were "off the record" comments, but now sadly "in the record."

This situation must not continue, either Malcolm must be moved to a post outwith Scotland or Michael's position must be strengthened. To do nothing is not an option! Because this would leave Michael in the untenable position of being Chairman with a ministerial boss who is seen publicly to be promoting views which are hostile to you and your government's policy. Not a position which is good for party organisation or morale.

Be assured your last visit to Scotland had made a positive dent in the anti-Thatcher campaign and you are not without loyal supporters and friends in Scotland. Sadly however, there are many who are 'wet' and this ghastly episode suits their objectives. Indeed it may even be deliberately designed to promote the 'wet' campaign.

Yours ever,
Bill.

On poll tax, she fell in line with my better judgment . . . I'll be here when she's gone'

Rifkind revels in victory over PM

Nicholas Wapshott and
Andrew Mackenzie

MALCOLM RIFKIND, the Scottish Secretary, revealed to *The Observer* yesterday how close he came to resigning over relief for poll tax payers in England and Wales which did not extend to Scotland.

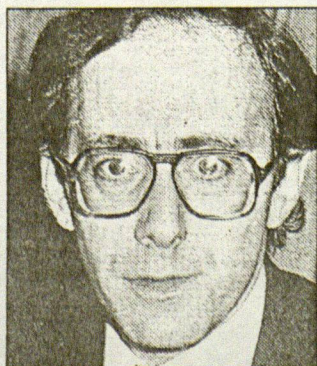
He said: 'I did not expressly raise the question of resigning, but I certainly ensured that my colleagues fully appreciated the very great importance I attached to the need to respond in a sensitive way to the concern that was being expressed from Scotland and I certainly made it clear that if there was not a response it would be very difficult indeed for the Government to continue to do its work effectively north of the border.'

'Clearly, if my judgment was that there had to be a response to the concern that was felt in Scotland, then if my colleagues had been unable to accept my judgment on such a quintessentially Scottish matter that would have been, from my point of view, a very difficult situation to accept.'

Asked whether he had fallen into line with Mrs Thatcher, he replied, 'No, on this issue she has fallen in line with my better judgment.'

And in a bold statement from a Cabinet Minister on his relationship with Mrs Thatcher, he expressed his independence from her political future.

'I came into politics before Mrs Thatcher became leader of



Close to quitting:
Malcolm Rifkind.

the Conservative Party and no doubt I will still be in politics when she is no longer leader of the party.'

The fumbling of poll tax relief for Scotland has raised fresh doubts about the competence of the Government, which has always prided itself on its proficiency.

The Government's difficulties resume tomorrow, when a rebellion of Tory MPs is expected over the community charge regulations as they pass through the Commons.

Next week the Environment Secretary, Mr Chris Patten, will announce which councils' poll tax bills will be capped, which is certain to inspire more dissent.

When the Government chose to call the Mid Staffs by-election two days after the Budget instead of the Thursday before, it was clear that, whatever the true nature of the measures, Mr John Major, the Chancellor, would present it as a gentle Budget.

But Mr Major's low-key approach backfired: not only was the City unimpressed but the one direct attempt to appease public opinion was misunderstood.

The adjustment, which allows more of those with modest savings to claim poll tax relief, was widely demanded by Tory backbenchers and made for purely political reasons. Treasury officials had neither wished nor prepared for the alteration, which was slipped into the Budget speech at the last minute. The Scottish Office, which might have spotted the political implications of the move, was not informed.

There was, therefore, barely concealed amusement in the Treasury when what Mrs Thatcher and Mr Major thought of as a surprise Budget plum was instantly reviled by Scots MPs.

The next day, Mr Rifkind, saw the Prime Minister and said that it was essential to appease his rebellious subjects. The urgency of his appeal left her in no doubt that he would resign if his demands were not met.

She had little choice but to go



Queen of the castle: By-election victor Sylvia Heal at Chartley Castle, Staffs, yesterday./Photograph: Bill Robinson.

along with his wishes. Not only would a further resignation rock her Government to its foundations, but she has so few Scots MPs that it could have proved genuinely difficult to find a replacement.

On Thursday, as Mid Staffs electors went to the polls, a further discussion in Downing Street between Mrs Thatcher and Mr Rifkind, joined by Mr Major, was cut short by the Cabinet meeting, then continued afterwards.

Finally, a deal was done: the Prime Minister's hatred of a U-turn was disguised by a figleaf — the Scots relief would come out of the existing Scottish Office entitlement.

When Mrs Thatcher reached

the dispatch box for Prime Minister's Questions that afternoon she was flustered and flushed.

Her announcement was drowned by Labour laughter and demands that Mr Rifkind, who had already announced the fix to the Press, should be brought to the Commons to give his own explanation.

■ Northern Ireland's Tories, who have only just been allowed to join the Conservative Party, want the poll tax introduced in the province 'as soon as possible', writes Mary Holland from Belfast.

The newly formed East Belfast Conservative Association has tabled a motion for a conference of the National

Union of Conservative Associations, which is being held in Cheltenham next weekend, demanding that the tax be extended to Northern Ireland.

An association official, Joy McCormick, told *The Observer*: 'Obviously it's a coded message to the Prime Minister asking for Northern Ireland to be governed in the same way as the rest of the United Kingdom, but, in fact, we do believe it is a more equitable tax than our present system.'

But Mrs Thatcher has already rejected the possibility of levying the poll tax in the province. In a letter to Mr Tony Benn, the Labour MP who raised the question of Ulster's exemption from the tax, the Prime Minis-

ter explained that local government arrangements in Northern Ireland are 'very different' from the rest of the United Kingdom. As district councils only account for 10 per cent of spending on public services, she claimed that the problems of overspending and accountability which led the Government to introduce the tax do not arise.

Although, other politicians in Northern Ireland have derided the proposal from the East Belfast Conservatives, it does look as though Mrs Thatcher may have found a new ally just when she needs one most. The East Belfast Conservatives have already congratulated the Prime Minister on her firm stance against devolution for Scotland.

RIFKIND TELLS OF THAT No 10 DUST-UP

BACK ME OR I QUIT!



RIFKIND . . . during his interview with the Sunday Mail

By CHRIS MULLINGER, Political Correspondent

- SCOTS Secretary Malcolm Rifkind has told the Sunday Mail how he put his job on the line in the storm over last week's poll tax bungle.
- IF he hadn't got his way in a confrontation with Mrs Thatcher, he was ready to QUIT the Cabinet. Mr Rifkind told us bluntly that a Scottish Secretary

- was "not worth his salt" if he didn't fight and win for Scottish interests.
- IN an astonishingly frank interview, after the worst week in his political career, Mr Rifkind:
 - ADMITTED the Government made a mistake and "lost face".
 - REVEALED details of his confrontation with the Prime Minister.
 - PRAISED Labour's Shadow Scots Secretary Donald Dewar for his Budget day protest.
 - MR Rifkind told Mrs Thatcher he wasn't prepared to settle for anything less than what was right for Scotland.

RIFKIND: THE INSIDE STORY: Page 4.

of Stork!



... Andrew ... surprise ... STORK ... ed crowds ... with the ... baby prin- ... getting to ... London's posh Portland Hospital . . . but was beaming with joy at the good news. And over four hours later he emerged to tell well-wishers that Fergie was "very well".

FERGIE'S LUXURY HOSPITAL
Pages 12 and 13

ONG FOR SCOTLAND?
THE BRAVE
OF SCOTLAND
PHONE A VOTE
SEE PAGE 17

SEE THE YEAR'S
BIG ROCK SHOW
FREE CONTEST
PAGE 37

MALCOLM RIFKIND SPEAKS OUT ABOUT THE NO 10 CLASH:

A Scottish Secretary isn't worth his salt if he doesn't fight for Scotland



Scots Secretary Malcolm Rifkind pictured in his office yesterday

SCOTS SECRETARY Malcolm Rifkind has revealed to the Sunday Mail how he – in effect – dared the Prime Minister to turn down his plan to backdate poll tax rebates in Scotland.

In a brisk interview in his wood-panelled Ministerial room at Old St Andrews House in Edinburgh, the Secretary of State made it clear he was prepared to LEAVE the Government if he lost the battle.

The row blew up during Tuesday's Budget speech to the Commons by Chancellor John Major.

In it, he announced the savings ceiling for pensioners on poll tax and housing benefit rebate was being doubled to £16,000.

CLAMOUR

But there was uproar when it became clear the concession was not to be backdated in Scotland, which had been paying the poll tax for a year.

The clamour was led by Labour Shadow Scottish Secretary Donald Dewar, who interrupted the Budget speech to protest.

Malcolm Rifkind was not in the Commons at the time. He was sitting in his room at the London headquarters of the Scottish Office in Whitehall watching the Budget on television.

"I congratulate Donald on his excellent political initiative. It is not his usual style," Mr Rifkind told me.

At first the Scots Secretary had responded to the protest by dis-



Exclusive interview By CHRIS MULLINGER

missing it as "bogus". But as the storm grew he changed his mind.

"I came to the view that it was clearly being seen as a major concession on the community charge and that there was a Scottish dimension.

"Therefore on Tuesday evening I drafted several proposals, which the following morning I put to my colleagues, including the Prime Minister.

REQUEST

"My meeting with the Prime Minister on Wednesday was at MY request and we discussed, along with other colleagues, my proposals.

"A further proposal was then put on paper on Wednesday evening and that was the *ex gratia* scheme I announced on the Thursday.

"In my meetings I drew the attention of the Prime Minister to Press reaction, including that of the London Daily Mail as well as the Scottish Press, on the need to respond to this matter in a sensitive way.

"There was no controversy over what the Chancellor had said in his Budget speech. The controversy was over what he had not said.

"With the benefit of hindsight, it would clearly have been preferable to have included what we have now agreed to do."

When I asked if he had threatened to resign from the

Cabinet on the issue, Mr Rifkind replied carefully.

"If your advice to colleagues is accepted, the question of resignation doesn't come into it. It only arises if it is not accepted by colleagues."

Did that mean if his advice had been turned down by Mrs Thatcher, he would have handed in his resignation?

"That is for you to say," he replied.

"But I made it clear to my colleagues that the need to respond to the concern in Scotland was of fundamental importance.

SUCCEED

"A Secretary of State for Scotland is not worth his salt if he doesn't fight for Scottish interests..."

"AND DOESN'T SUCCEED IN FIGHTING FOR THEM."

"I would not have been prepared to settle for anything less than I felt was necessary.

WHAT DOWNING STREET SAYS

DOWNING STREET refused to comment on Mr Rifkind's revelations and attempted to dismiss claims of a Scots poll tax climbdown.

But an aide to Mrs Thatcher said: "If Malcolm Rifkind can find money from within his own budget to solve a political problem, he can do that.

"You (the Scots) have got no new money at all."



Getting it right at last

IN RECENT months Scots Secretary Malcolm Rifkind has shown all the signs of suffering from the Thatcher Disease of being out of touch with Scotland.

HE MADE a misjudgment in saying Prestwick should retain its transatlantic monopoly.

HE LOOKED foolish denying sufferers from Alzheimer's Disease exemption from the poll tax until the Government acted in England and Wales.

HE PUT his foot in it when he blamed Bruce Millan for losing Euro-cash for the Highlands and Islands when it had nothing to do with him.

Then came the Budget bungle over poll tax concessions for the elderly with savings.

Approval

Mr Rifkind must have been asleep if he didn't realise the implications for Scotland when he heard about it in a pre-Budget Cabinet briefing.

Forced by the outcry to change his mind, he had to put his job on the line to win approval for a scheme backdating the concessions for Scotland.

Now he struggles to regain his credibility, telling the Sunday Mail Scots Secretary is "not worth his salt" if he doesn't fight for Scottish interests.

That's the kind of thing we want to see and hear from a Secretary of State for Scotland.

BETTER LATE THAN NEVER, MALCOLM RIFKIND.

Everyone is allowed at least one death bed conversion.

A bloomin' daft choice

When it came to Scotland's World Cup soccer anthem, you'd think the choice was obvious.

After rousing our national rugby team to the Grand Slam victory, it just had to be Flower of Scotland. It even had the Royal seal of approval from Princess Anne.

But no. The SFA have decided it could offend England and have chosen Scotland the Brave instead.

What nonsense. A burst of Flower Power could be worth a goal start in every match for our lads in Italy.

And two if we meet England

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788 CONDUCT OF THE SECRETARY OF STATE FOR SCOTLAND (No. 2) 26:3:90

Mr Harry Ewing
Mr Alex Eadie
Mr Ernie Ross
Mr John McAllion
Mr William McKelvey
Mr Jimmy Hood

★ 20

Mr John Home Robertson Mr Alistair Darling Mr Jimmy Dunnachie
Mr John Cummings Mr Allen McKay Mr Terry Patchett
Mr Roy Hughes

That this House expresses its great relief that at long last the Secretary of State for Scotland, the Right honourable Member for Edinburgh, Pentlands, is prepared to confront and defy the Prime Minister in the interests of the people of Scotland but deeply regrets that his display of defiance has come too late to protect the people of Scotland from the ravaging effects of the policies introduced by the Prime Minister, supported strongly by the honourable Member for Stirling; and strongly resents the fact that the money to pay for the political courage shown by the Secretary of State is to be taken from Scottish children's education, patient care in the National Health Service or some other Scottish Office programme and is not to be provided by the Treasury.

789 CONDUCT OF THE SECRETARY OF STATE FOR SCOTLAND 26:3:90
28:3:90 (a1)

769 CONDUCT OF THE SECRETARY OF STATE FOR SCOTLAND 20:3:90

Mr Nigel Griffiths
Mr John Home Robertson
Mr Alistair Darling
Mr Thomas Graham
Dr John Reid
Mr George Robertson

★ 68

Mr Alex Eadie Mr Eric Illsley

That this House deplores the failure of the Secretary of State for Scotland to secure the introduction of the poll tax concession in the first year of the poll tax in Scotland; notes the hardship and distress caused to many elderly people as a consequence of this failure; and demands his resignation.

★ The figure following this symbol gives the total number of names of Members appended, including those names added in this edition of the Notices of Questions and Motions.



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

3rd April, 1990

Dear Bill,

Thank you for your letter of 29th March.

I was very sorry to learn of your concern about the state of morale within the Party in Scotland and have carefully noted the points you make in your letter. Perhaps we might have a word about this after Questions one day.

Johnson
Rayans

Bill Walker Esq MP