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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

31 May 1990

Dear Stephen

SOVIET AND EAST EUROPEAN STUDIES

I have been following the correspondence between Mr. Jackson and Mr. Waldegrave about the funding of lectureships in Soviet and East European Studies. The Prime Minister is very anxious indeed that this should be settled before her visit to Moscow so that an announcement can be made. I have no doubt that she would be most grateful if the British Council would act as a channel for the funds ear-marked for the lectureships and would take on the task of managing them. She would hope that the Board of the Council would agree this at its meeting on 5 June.

I am copying this letter to Richard Gozney (Foreign and Commonwealth Office).

Yours sincerely,

C. D. POWELL

Stephen Crowne, Esq.,
Department of Education and Science.

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Rt Hon Douglas Hurd CBE, MP
Secretary of State for Foreign Affairs
Foreign and Commonwealth Office
Downing Street
LONDON
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- 1 JUN 1990

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Dear Secretary of State,

SOVIET AND EAST EUROPEAN STUDIES

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I have seen the proposal in William Waldegrave's letter of 31 May to Robert Jackson and the indication from the Prime Minister's office that she would be most grateful if the British Council would act as a channel for the funds for the lectureships. As you know, I have always been very keen to assist in this matter as far as possible; we now need to settle between us the detailed arrangements.

I am clear that I must act in a way which is consistent with our policy for funding higher education. We make funds available to the Funding Councils for allocation by reference to the demand from students and bids from individual universities and polytechnics. In this way, we can promote academic autonomy and responsibility for the universities while relying on the role of the customers - students and employers in the widest sense - to influence academic developments. It would not be right for me to direct funds through what ever source for particular academic developments. As I have explained before, I would in any case face an impossible task if I were to have to decide on priorities for all the claims made to the Government for the development of particular academic departments.

So I think the way forward must be for you to make the necessary arrangements with the British Council with funding through your Vote. In order to help, I stand by my promise to transfer PES provision for three years starting in 1991-92. But I would not want that transfer to become known to the outside world. You

could simply say that additional funds had been made available within the Government's expenditure plans. As Robert Jackson suggested earlier, it would be desirable to give priority to proposals involving a contribution from the private sector as well as the universities (and polytechnics) themselves.

If you can agree to this way forward, I am happy to leave the detailed arrangements to you. Given that time is getting short, it might be best then for you to suggest the form of a possible announcement for the Prime Minister. I could then offer her a brief report on progress with the Wooding recommendations more generally.

I am sending a copy of this letter to the Prime Minister.

Yours sincerely

Stable

*(Approved by the Secretary of State
and signed in his absence)*

COF



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Foreign and Commonwealth Office

London SW1A 2AH

From The Minister of State

D. Hunt

31 May 1990

SOVIET AND EAST EUROPEAN STUDIES

In Douglas Hurd's absence in the Middle East this week, I am replying to John MacGregor's letter of 10 May.

It is helpful to have set out so clearly the background to the DES offer of PES transfers to the FCO over the three years 1991/ to 1993/4, to fund the lectureships in Soviet and East European studies recommended in the Wooding report. We have carefully considered the points John MacGregor made. But the FCO is not in a position to play the role you have in mind. A programme of this kind would be a diversion from the FCO's central objectives and would involve a further burden on our manpower, which is already seriously overstretched. If the FCO became engaged in such activities, there would be pressure for us to undertake sponsorship of a wide range of area studies, on a long term basis. We could not possibly contemplate this.

However, it occurs to me that this responsibility is one that the British Council might be asked to take on. FCO officials at the highest level have had preliminary discussions with the British Council's Deputy Director-General and Director-General. The Council see some problems, in that the promotion of studies at British universities does not fit very easily within the scope of their Charter; and administering a scheme of this kind could involve them in invidious choices between different academic institutions. But they are very ready to do what they can to help. If you thought that the Council would be a reasonable channel for the money you have earmarked for supporting Soviet and East European studies in the financial years 1991/2 to 1993/4, we could pursue the modalities with them very rapidly. How far the funds could be made to go would be a matter for you and the Council. I believe that - if the Council were prepared to take this on - they would want to do so on an agency basis, ie charging DES an appropriate administrative fee over and above the PES funds you have earmarked for the lectureships themselves and which you would pay to them direct. The Council would need to put any proposal on these lines to their Board (there is a meeting on 5 June); but before deciding whether to do so, they would want to sound informally key Board members and other university contacts.

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In view of the Prime Minister's departure for Moscow on 7 June, we need to follow this up urgently. I should be glad to know whether you would like the Council to take on the responsibility for administering these lectureships. If so we are very ready to give them every encouragement. We should also be glad to know whether you would be content for us to authorise them to undertake the preliminary contacts, which should if possible be done before the weekend.

I am copying this letter to the Prime Minister.

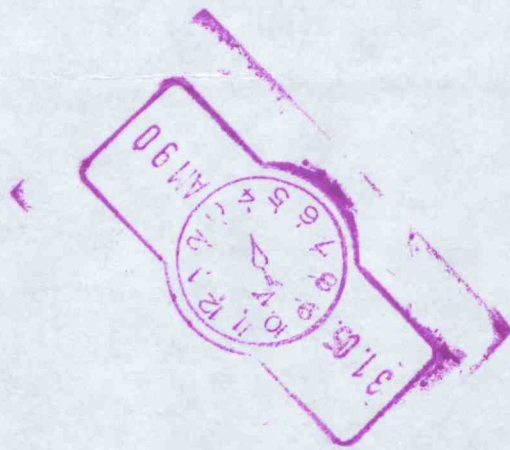
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him

The Rt Hon William Waldegrave

Robert Jackson MP
Department of Education and Science
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The Rt Hon Douglas Hurd CBE, MP
Secretary of State for Foreign Affairs
Foreign and Commonwealth Office
Downing Street
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10 MAR. 1990

Dear Douglas,

SOVIET AND EAST EUROPEAN STUDIES

William Waldegrave and Robert Jackson have been pursuing this following our exchange of correspondence in April. The matter rests with William's letter of 2 May. I am sorry that you are unable to take this matter forward on the basis discussed between Robert and William, and in the light of my expressed willingness (a) to press forward with a positive response on the Wooding recommendations on studentships in time for an announcement at the time of the Prime Minister's visit, and (b) that I would provide the funds for you to invite bids for the Wooding lectureships.

Despite the explanation in my own letter of 24 April and Robert's elaboration of this at his meeting at the FCO, the points raised about the funding of higher education display a misunderstanding about the basis for the Government's present policy. As I said before, our policy now relies to a much greater extent than before on providing funding by reference to the demand from students and bids from individual universities and polytechnics. We encourage employers and other customers to bring their own influences to bear on these processes. It is indeed the case that Whitehall Departments can be regarded as customers for this purpose. Many of our colleagues recognise this. For example Nicholas Ridley at the DTI, to which you refer, has provided funds to cover half the setting up costs of higher education courses in Japanese. Michael Howard at the Department of Employment provides funds for universities and polytechnics to promote enterprise in higher education. Very recently, I noted that David Waddington proposes to accept a recommendation that a number of senior lectureships in departments of forensic medicine should be funded by the Home Office to develop the subject as an academic discipline. The examples which William gives are not

really relevant because the demand for courses of accountancy and business studies, and of law has been so great in recent years that academic departments in these subjects have thrived. The essential point is that if the Government wishes to promote specific academic developments, then it is for the relevant Whitehall Department to determine how to achieve that aim. It is not appropriate for me or indeed the Funding Councils to attempt to assess priorities between the different claims of this kind from within Government.

Robert Jackson explained to William that universities and polytechnics would no doubt respond in time to the proposals in the Wooding report on Soviet and East European studies. You said in your earlier letter to me that you accepted the need to develop the necessary expertise in this country for our dealings with the area. Robert pointed out that if the Government wished to influence the pace and pattern of development of academic departments for political and diplomatic reasons, then the right way forward was for the FCO to set up a scheme for this purpose : indeed, if the FCO were to invite bids it would have much more influence over what happens than if the matter is simply left to the institutions and the Funding Councils. William was worried about the money for this. Because of the exceptional circumstances in Eastern Europe and because of the Prime Minister's concern, I reluctantly agreed to transfer a suitable level of money to you to enable the FCO to embark upon a pump-priming initiative. William's argument about this leading to requests for similar programmes would apply with even greater force if, contrary to our principles for funding higher education, I were to impose a condition of grant myself. In any case, imposing a condition of grant would not make for an attractive announcement by the Prime Minister and would be ridiculed by those in higher education as being contrary to the Government's published approach to funding through the Funding Councils and a reversion to "dirigisme" and political interference. I would have thought that for your part you could resist arguments about precedent on the grounds that developments of the kind we have seen in Eastern Europe do not occur every day.

I have set this out at some length because I thought it was important to clear up the misunderstanding in William's letter before I report back to the Prime Minister. Time is running out for this and I am clear that there would be no value in opening up the problem more widely amongst our colleagues. You and I have to sort this out. May I ask you again for your help in finding a way forward by resolving the detailed problems which have arisen within the FCO following the accord reached between Robert and William? I shall be happy to have a word with you if that would help. But I need to have your final views within a week.

As in our previous exchange, I am sending copies of this letter to the Prime Minister, the Chief Secretary and to Sir Robin Butler.

Yours etc,
JH