



Foreign and Commonwealth Office

London SW1A 2AH

16 July 1990

Dear Charles,

Yes, not

Prime Minister  
Agree that discussion  
should go ahead on  
this basis?

Political Aid

CAP 16/7

Your letter of <sup>15</sup> June recorded the Prime Minister's positive reaction to the proposal for a political aid Trust.

As far as the level of funding is concerned we originally suggested £9 million for the first five years of the operation of the Trust. This is a small sum compared with that spent by others such as the Germans. It could be reduced to £7 million over five years; below that overheads would take an undue proportion of the money.

The Foreign Secretary has considered your second point carefully (the possibility of funding the Trust through the ODA budget). In his view this would have some serious drawbacks:

- One of the advantages of a political aid Trust as opposed to a government fund will be its ability to operate at arms-length from the Government. So use of the Aid Programme, directly or indirectly, to finance the Trust would reduce the Trust's credibility.
- There could be international and domestic criticism for using aid monies for political ends and accusations of government interference in the internal political affairs of recipient countries, which could make it more difficult to achieve other aid objectives including economic policy reforms.

The Foreign Secretary therefore believes that the most effective way to fund a programme would be by a grant in aid from the Treasury, as is the case for the International Parliamentary Union and other similar organisations.

/If the



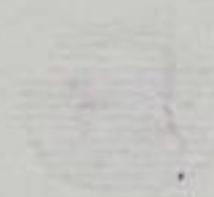
If the Prime Minister is content we will discuss with the Treasury, with a view to Mr Waldegrave circulating a paper to parties in the House of Commons. This would describe in more detail the possible shape of a political aid Trust.

*Yours ever,  
S L Gass*

(S L Gass)  
Private Secretary

C D Powell Esq  
10 Downing Street

For Pol. Govt/Inst + Pm



CONFIDENTIAL



MP  
c: Political

10 DOWNING STREET

LONDON SW1A 2AA

cupc

*From the Private Secretary*

18 July 1990

POLITICAL AID

Thank you for your letter of 16 July about the proposal for a political aid Trust. The Prime Minister would be content for discussions to proceed with the Treasury on the basis set out in your letter: that is a fund of £7m. over five years, which would be separate from the aid programme.

I should be grateful if you could let me see the paper to be circulated to parties in the House of Commons before it issues.

Charles Powell

Simon Gass Esq  
Foreign and Commonwealth Office

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Foreign and Commonwealth Office

London SW1A 2AH

PERSONAL

23 July 1990

Dear Charles,

Political Aid

Thank you for your letter of 18 July confirming that the Prime Minister is content for discussions to proceed with the Treasury on the establishment of a Political Aid Trust of £7 million over five years.

There is one small procedural difficulty: although Stephen Wall's letter of 14 June covering a discussion paper on political aid was copied to the Treasury, the subsequent correspondence (your letters of 15 June and 18 July and Simon Gass' of 16 July) has not been seen by them. Rather than retrospectively reveal this correspondence, I wonder if you would be able to record the Prime Minister's views on political aid in a separate letter to me, copied to the Treasury.

I enclose a possible draft.

Yours ever

(R H T Gozney)  
Private Secretary

C D Powell Esq  
10 Downing Street

PERSONAL

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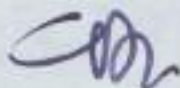
DRAFT LETTER FROM CHARLES POWELL

TO STEPHEN WALL ESQ, FCO

Thank you for your letter of 14 June about the possibility of establishing an organisation to give aid to political parties abroad. I have discussed this with the Prime Minister whose views can be summarised as:

- She agrees that a Trust would be preferable to a Government Fund;
- she thinks that the amount should be more modest: £7 million over five years
- she agrees that the Trust should not be funded from the Aid Programme.

The Prime Minister would be content for discussions to proceed with the Treasury on this basis and for a discussion paper to be circulated to other parties in the House of Commons. I should be grateful if you would let me see the paper before it issues.



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clw/pdacs/foreign/pa

10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

23 July 1990

Thank you for your letter of 14 June about the possibility of establishing an organisation to give aid to political parties abroad. I have discussed this with the Prime Minister whose views can be summarised as:

- She agrees that a Trust would be preferable to a Government Fund;
- she thinks that the amount should be more modest: £7m over five years;
- she agrees that the Trust should not be funded from the Aid Programme.

The Prime Minister would be content for discussions to proceed with the Treasury on this basis and for a discussion paper to be circulated to other parties in the House of Commons. I should be grateful if you would let me see the paper before it issues.

I am copying this letter to John Gieve (HM Treasury).

CHARLES POWELL

J S Wall Esq LVO  
Foreign and Commonwealth Office

KW

UNCLASSIFIED

*cell*

②



*John Hines*

Treasury Chambers, Parliament Street, SW1P 3AG

*CD*  
*2/7*

Charles Powell Esq  
Private Secretary  
10 Downing Street  
London  
SW1

*ms*

2 July 1990

*Dear Charles*

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POLITICAL AID

*Acop*

The Chief Secretary has seen the discussion paper circulated under cover of Stephen Wall's letter of 14 June.

2. He has asked me to say that he remains sceptical about both the political attractiveness and the cost effectiveness of an initiative on these lines, whichever institutional model were adopted. He very much hopes that, as Stephen Wall suggested in his letter, these issues can be discussed further among Ministers before any further contacts are made with the House Authorities or with the Political Parties.

3. I am copying this letter to Stephen Wall (FCO) and to Diana Goldsworthy (Lord President's Office), Paul Stockton (Lord Chancellor's Office) and Douglas Slater (Government Whips' Office).

*Yours*

*Carly E*

MISS C EVANS  
Private Secretary



for Pol : East / West Relations  
Pm