

Prime Minister 28

As far as I am
concerned Mr. Callaghan

Agree X in 87?

Ref. A086/3571

MR WICKS

statement remains the
authoritative & correct version

N. L. W.

no further action is

22-12

required - no

Lord Wilson of Rievaulx and the Security Service

Mr Mallaby and I have been considering, in consultation with the Home Office and Sir Antony Duff, whether the reports in The Observer (and the Sunday Times) yesterday call for any further reaction by the Government. There is in particular the question whether it is necessary to make any move in the direction of setting up an inquiry.

2. We believe that an inquiry, if one was held, would confirm the judgment by Mr Callaghan, after a searching inquiry of his own, reached in August 1977. No papers have come to light in the Security Service which give any colour to allegations that members of the Security Service were plotting to destabilise Mr Wilson (as he then was) in 1974 and 1975.

3. An inquiry which reached that conclusion would no doubt buttress Mr Callaghan's statement of 23 August 1977, to which the Government has been referring in its Answers to Questions. But it would not satisfy Mr Tam Dalyell, Mr Dale Campbell-Savours and the investigative journalists who are seeking to build these questions up. It would be essentially a finding of the absence of evidence; and those people would continue to try to keep the issue going on the basis of various allegations and investigations of their own. It seems unlikely therefore, that an inquiry could be conclusive in disposing of these people, although it might help to reassure Mr Roy Jenkins and Mr Merlyn Rees, whose views were reported in the Home Secretary's Private Secretary's letter of 19 December.

4. There is also a possibility, I gather, that Mr Winston Churchill may sue Mr David Leigh and The Observer for deformation, based on their stories over the last three weeks. An inquiry within Government could clearly affect the prospects for such a suit.

5. In my judgment the balance of argument is against any such inquiry. But the position of Mr Callaghan is central. It was he himself who made inquiries in 1977, and he who authorised the statement which was issued. If he were now to have second thoughts, and to air doubts about the conclusions which he then reached, it would be more difficult to continue to resist setting up an inquiry.

6. It is therefore for question whether the Government should make an attempt to discover directly what Mr Callaghan's position is. It would be possible, for instance, for him to be sent a message from the Prime Minister to the effect that, though the Government were precluded from saying so publicly, because of the Wright case in Sydney, all that it had heard confirmed what Mr Callaghan had said in 1977; and that the Government assumed that Mr Callaghan was standing by that statement, but hoped that he would get in touch if he wished to discuss any aspect of this matter. An advantage of doing that would be to put Mr Callaghan on notice that it would be helpful to have advance warning if he was beginning to have doubts about what he said in 1977. A disadvantage would be that it would in effect serve notice on Mr Callaghan that the Government regarded his position as central and that it lay within his power in effect to oblige the Government to mount the inquiry which Mr Dalyell and Mr Campbell-Savours were demanding.

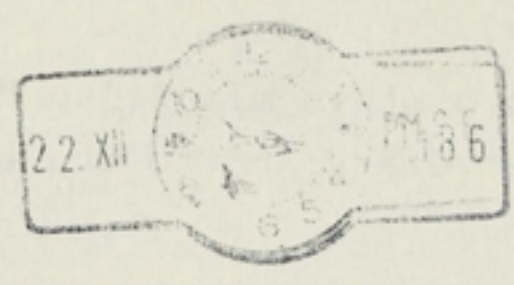
X | 7. My own judgment is that the disadvantage outweighs the advantage, and that the Government should not seek to take an initiative with Mr Callaghan. But that is of course very much a matter of political judgment.

8. I am sending copies of this minute to the Private Secretary to the Home Secretary and to the Legal Secretary to the Law Officers.

RTA

ROBERT ARMSTRONG

22 December 1986



COACHMAN

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Jo K. 31



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

LORD WILSON OF RIEVAULX AND THE SECURITY SERVICE

I have shown the Prime Minister your minute of 22 December about the reports in last Sunday's Observer (and The Sunday Times) concerning Lord Wilson and the Security Service. These reports prompted the question whether it was necessary to make any move in the direction of setting up an inquiry.

The Prime Minister has commented on your minute that so far as she is concerned, Mr. Callaghan's statement remains the authorised and correct version of events. She is therefore firmly of the view that no further action is required.

I am sending a copy of this minute to the Private Secretary to the Home Secretary and to the Legal Secretary of the Law Officers.

N. L. W.

N. L. WICKS

23 December 1986

Prém 19/1953

Letter dated
23.12.86



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10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

LORD WILSON OF RIEVAULX AND THE SECURITY SERVICE

The Prime Minister has seen your minute of 17 December about the recent circulation of old allegations concerning Lord Wilson of Rievaulx and the Security Service. She has also seen the Attorney General's minute of 19 December and the letter from the Home Secretary's Private Secretary of 19 December.

The Prime Minister agrees with the advice set out in paragraph 4 of your minute; namely that she would be best advised not to seek or be given a detailed account of these matters.

As for the text of any public statement on this matter, the Prime Minister will consider it further if and when it needs to be made. She has noted the Attorney General's advice that the first two sentences of paragraph 5 of the draft statement should be omitted.

I am sending a copy of this minute to the Private Secretaries to the Home Secretary and the Attorney General.

M

(N.L. WICKS)
22 December 1986

F

Prime Minister

Ref. A086/3516

PRIME MINISTER

I strongly endorse
the advice in §4 on pages
3-4. Agree? Yes
We can consider the text of any
statement if and N.L.W.
when it needs to
be made. 18-12

Lord Wilson of Rievaulx and the Security Service

As a result of the Peter Wright case there has been a revival of old allegations about Lord Wilson of Rievaulx and the Security Service.

2. The allegations are:

1. An autobiography by Hugh Cudlipp in 1976, a book called "The Pencourt File" (by Barrie Penrose and Roger Courtiour) in 1978, and a number of press articles in 1981 referred to a meeting between Cecil King, Hugh Cudlipp, Lord Mountbatten and Sir Solly Zuckerman in 1968 at which it was alleged that there was some discussion of the possibility of overthrowing Mr Wilson's government and replacing it with an administration led by Lord Mountbatten. It was alleged that a former Director General of the Security Service had said that the Security Service took the plot seriously and investigated it. Peter Wright's manuscript refers to this "coup" plot and alleges that a Security Service officer was in some way connected with it.

2. Peter Wright in his manuscript describes an allegation by James Angleton of the Central Intelligence Agency that he had very secret information that Mr Wilson was a Soviet agent. Wright says this was not pursued because Angleton would not co-operate. Wright believes the source was Israeli because Lord Rothschild "had got a hint from Mossad that they were suspicious of Wilson". According to Wright,

Angleton later claimed that an agent of his had heard that Mr Wilson had clandestine meetings very occasionally with the Russians; the source of the information was said to be no longer available.

3. Peter Wright refers to the connection between Lord Kagan and a Russian diplomat (and KGB officer) named Vaygauskas, and to an approach which Mr Wilson made to the Commissioner of the City of London Police seeking advice about Lord Kagan.

4. Peter Wright also says that in 1973 he was asked, but refused, to provide information about Mr Wilson to a group consisting of Sir James Goldsmith, David Stirling and George Young; and that in 1974 he was approached by a group of Security Service officers for information about Wilson that could be leaked to sympathetic pressmen - though whether to influence the election against him or to "destabilize" him as Prime Minister is not altogether clear. Wright names only two such officers, but alleges that up to thirty Security Service officers had given their approval to the plan. Wright says that he refused to co-operate and the following year (on Sir Maurice Oldfield's advice) he told the Director General, Sir Michael Hanley. He adds that a member of the Security Commission was called in to make a private inquiry into the matter but got nowhere.

5. In 1977 a number of articles appeared in the press which purported to relay Sir Harold Wilson's anxieties about the Security Service. These articles appeared to have stemmed from the work of two journalists, Barrie Penrose and Roger Courtiour, who alleged that they had been briefed personally by Sir Harold. The articles, the most

detailed of which was one in the Observer of 17 July 1977 by Colin Smith and Andrew Wilson entitled "Wilson: Why I Lost My Faith in MI5", included amongst their allegations the following:

- a. In the summer of 1975, in the middle of a whispering campaign against him, a faction of MI5 was putting it about that there was a Communist cell in the Cabinet involving himself and Lady Falkender. The then DG, Hanley, had confirmed the existence within his Service of a disaffected faction with extreme right wing views.
- b. A faction sympathetic to South Africa and Rhodesia existed within MI5.
- c. The CIA might be involved in attempts to infiltrate No 10.
- d. South African agents and others concerned with 'intelligence gathering' were behind burglaries at his home.

There were also articles by Chapman Pincher reviving allegations that 10 Downing Street had been "bugged" by the Security Service when Sir Harold Wilson was Prime Minister.

3. I have now discussed these matters fully with the Director General of the Security Service and Sir Brian Cubbon.

4. All these allegations relate to periods before you became Prime Minister, and for which you have no Ministerial responsibility. It would be contrary to the conventions governing access to the papers of previous administrations that you should be shown the contemporary papers relating to these matters. My own view is that you would be best advised not to

seek or be given a detailed account of these matters: that could constitute a potentially embarrassing precedent for inquiries by Ministers of a current administration into security records relating to Ministers of past administrations.

5. I think it right, however, to report to you the following conclusions on which the Director General, Sir Brian Cubbon and I are agreed, following our discussion:

1. As to the alleged King-Mountbatten "coup plot" in 1968, the Security Service made no investigation of any such alleged plot. You told Mr Ted Leadbitter MP in March 1981 that there was nothing to suggest that anything remotely like a conspiracy occurred.
2. The Security Service have no evidence and no reason for thinking that Mr Wilson was or might have been an agent of the Russian or any other intelligence service. At no time has a Security Service investigation of Mr Wilson been undertaken, and there has never been any kind of Security Service surveillance of him or his communications.
3. Lord Kagan had a social relationship with the KGB officer Ricardas Vaygauskas. The Security Service were aware of this relationship. Mr Wilson (then leader of the Opposition) was fully briefed about it by the Security Service in 1972. There was nothing to suggest that Mr Wilson had any direct contacts with Vaygauskas.
4. No report was ever made to Sir Michael Hanley by Peter Wright or any one else about a plot by Security Service officers against Mr Wilson. No inquiry was ever held (by a member of the Security Commission or any one else) into allegations of this kind.

6. Following the articles published in the summer of 1977 (see paragraph 2.5) a statement was issued from 10 Downing Street on 23 August 1977 which read:

"The Prime Minister has conducted detailed inquiries into the recent allegations about the Security Service and is satisfied that they do not constitute grounds for lack of confidence in the competence and impartiality of the Security Service or for instituting a special inquiry. In particular, the Prime Minister is satisfied that at no time has the Security Service or any other British intelligence or security agency, either of its own accord or at someone else's request, undertaken electronic surveillance in No 10 Downing Street or in the Prime Minister's room in the House of Commons."

This was followed by a statement by Sir Harold Wilson printed in the Observer on 28 August:

"My impression is that what has been going on over a period of five years has come from, or been fed by, a small mafia group of MI5 who have contacts outside in one or two sections of the press, and a few selfappointed private enterprise security agents.

It is my strong impression that it is probably a very small MI5 mafia who have been out of the service for some time, who still continue the vendetta for no doubt extremely right wing purposes of their own.

I am equally confident that the higher direction of MI5 and those operating today do not have anything to do with this, nor have they done so at any time."

7. Mr Callaghan subsequently told the House of Commons (on 8 December 1977) that Lord Wilson associated himself with the statement issued on 23 August.

8. I have considered with Sir Brian Cubbon and the Director General whether there is anything that you could usefully and properly say, by way of a statement in the House of Commons, if it became necessary to do so. The Attorney General will no doubt want to advise on what can be properly said while the Wright case remains sub judice, whether at first instance or on appeal. Subject to that, however, we suggest that any statement should not go beyond something on the lines of the draft attached. The last sentence of the draft is something of a hostage to fortune; but a sentence of this kind would greatly help to reassure and raise the morale of the Security Service.

9. I am sending copies of this minute and the draft to the Home Secretary and the Attorney General.

RA

ROBERT ARMSTRONG

17 December 1986

DRAFT STATEMENT ON LORD WILSON AND THE SECURITY SERVICE

There has been renewed speculation about allegations that Lord Wilson of Rievaulx was suspected or investigated by the Security Service, and that the Security Service, or a group of officers in the Service, sought in some way to destabilise him while he held office as Prime Minister.

2. These allegations all relate to periods before May 1979, and to matters for which I did not have Ministerial responsibility.

3. The Rt Hon Gentleman, the Member for Cardiff South East, then Prime Minister, issued the following statement on 23 August 1977 about the similar allegations made at that time:

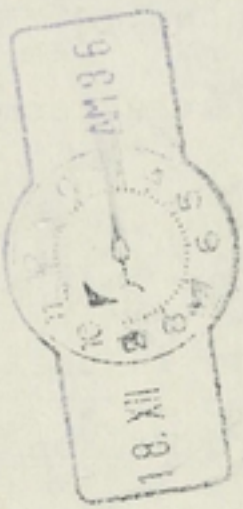
"The Prime Minister has conducted detailed inquiries into the recent allegations about the Security Service and is satisfied that they do not constitute grounds for lack of confidence in the competence and impartiality of the Security Service or for instituting a

special inquiry. In particular, the Prime Minister is satisfied that at no time has the Security Service, or any other British intelligence or security agency, either of its own accord or at some one else's request, undertaken electronic surveillance in No 10 Downing Street or in the Prime Minister's room in the House of Commons".

4. The Rt Hon Gentleman subsequently said in the House (8 December 1977; col 1644) that Lord Wilson of Rievaulx associated himself with that statement.

5. [I fully accepted that statement when it was made, and I fully accept it today. I am assured that the Security Service have at no time mounted an investigation on Lord Wilson or placed any surveillance on him.] I have complete confidence in the integrity of the Security Service, as a responsible Service conducting its affairs in accordance with the directive laid upon its Director General.

*The A. G.
wants this
excluded
from any
statement.*



COMPTON

Ref. A086/3532

MR WICKS

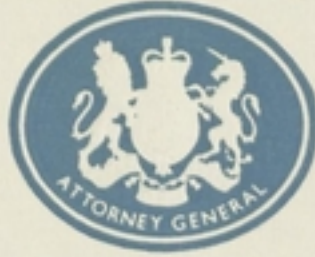
with NLW
I attach a note for the Prime Minister about Lord Wilson and the Security Service.

2. I should tell you - I am sure that the Prime Minister will not need to be reminded - that, as my predecessor here was on holiday at the time, I went to see her on Mr Callaghan's instructions on two occasions (once at Scotney and the second time in Flood Street) in August 1977, before the issue of the statement from 10 Downing Street on 23 August 1977 referred to in paragraph 6 of this note.

RA

ROBERT ARMSTRONG

17 December 1986



SECRET

PRIME MINISTER

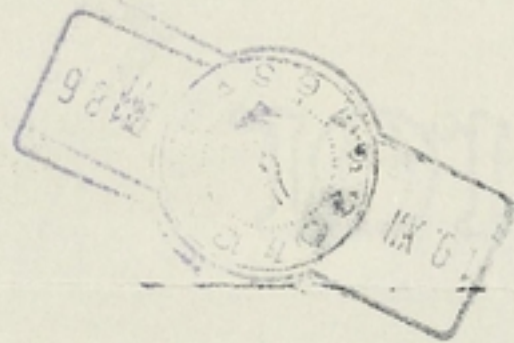
LORD WILSON OF RIEVAULX AND THE SECURITY SERVICE

1. ^{at} I have seen a copy of Sir Robert Armstrong's minute to you of 17 December.
2. I would advise against the inclusion of the first two sentences of paragraph 5 of the draft statement attached to Sir Robert's minute. Those sentences comment on a matter which is an issue in the proceedings in Australia. For the reasons I have expressed throughout these proceedings, it would be inappropriate to make such a comment before judgment at first instance.
3. I shall be considering the extent to which the Government, if it so wished, could comment on the issues in the case during any appeal proceedings in the light of the advice of our Australian Counsel.
4. I am sending copies of this minute to the Home Secretary and Sir Robert Armstrong.

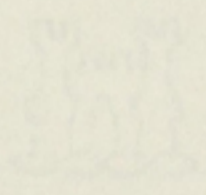
M.H.

19 December 1986

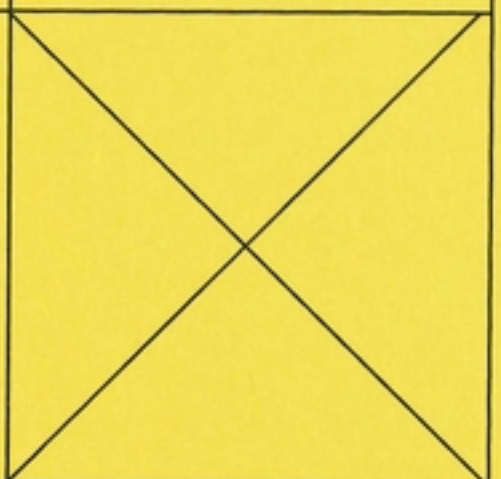
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CONDOR





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