

Prem 19/2506/2

Part 2 of 2

CONFIDENTIAL



10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

5 May 1987

Dear Michael,

PETER WRIGHT CASE

The Prime Minister has seen the Solicitor General's minute of 1 May about the reports in the two Australian newspapers of the contents of the Wright manuscript.

Subject to the agreement of other Ministers, the Prime Minister is content with the course of action proposed by the Solicitor General.

I am sending a copy of this letter to the Private Secretaries to members of OD(DIS), the Lord Advocate and Sir Robert Armstrong.

Yours truly

Nigel Wicks

N. L. WICKS

Michael Saunders, Esq.,
Law Officers' Department

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From the Principal Private Secretary

5 May 1987

Dear Michael,

POSSIBLE INQUIRY INTO ALLEGATIONS AGAINST THE SECURITY SERVICE

I have shown the Prime Minister the note of the telephone conversation between the Treasury Solicitor and Mr. Simos, which was attached to your letter of 1 May.

The Prime Minister thinks this is very helpful, indeed conclusive, ammunition, against an inquiry. She thinks that Sir Robert Armstrong can make some of these points to Sir James Callaghan when he sees him today.

I am copying this letter to Mike Eland (Lord President's Office), Tony Galsworthy (Foreign and Commonwealth Office), Stephen Boys Smith (Home Office), Sir Robert Armstrong, Sir Brian Cubbon, Sir Antony Duff and Sir Percy Cradock.

Nigel Wicks

N. L. WICKS

Michael Saunders, Esq.,
Law Officers' Department

P rem 19/2506

6 Newspaper cuttings inside =

"Daily Express" - 4 May 1987

-SPOTLIGHT SHINING INTO A MURKY WORLD- Anger as MP names 'six more' in MI5 row



Campbell-Savours

GOVERNMENT anger is growing over the naming of former MI5 officers by Labour MP Dale Campbell-Savours.

The names were published in House of Commons motions submitted by Mr Campbell-Savours last week.

The six people have no right to challenge the allegations made against them in the courts because the motions are covered by Parliamentary privilege.

The motions are unlikely ever to be debated and serve little purpose except to publicise the claim that the

By PETER HITCHENS
Defence Correspondent

six took part in an alleged plot against Harold Wilson's government 13 years ago.

It is aimed also to put pressure on Mrs Thatcher to call for a full-scale inquiry.

Her aides made it clear over the weekend however that she would not be swayed from her original decision not to launch an investigation.

If any further action is to be initiated it will be up to former Prime Minister Sir James Callaghan to speak out about the inquiry carried out

during his premiership in 1977.

Mrs Thatcher has always maintained that the Wright allegations were dealt with then.

Merlyn Rees, Home Secretary at the time, still insists it only dealt with bugging claims.

The six named on the order paper are expected to remain silent.

But "insiders" say an investigation of some members of Lord Wilson's circle was "legitimate" because it was feared they were security risks.

Jon Akass: Page 9

MP 'led plot to keep Benn from power'

A SURVEILLANCE expert has claimed that Tory MP Airey Neave, killed by an IRA bomb, discussed a plot to ensure Tony Benn never became Prime Minister.

Lee Tracey says he was offered a part in the conspiracy, just before the 1979 election, when he was told that "violent action" would be needed if the Labour MP ever came to power.

Mr Tracey, 62, who runs Technical Support Services, a surveillance consultancy firm based in Acton, said: "I met

by JOHN PASSMORE and BARRY GARDNER

Mr Neave after being approached by people who told me that if the Tories won the election he would be in charge of the security services.

"He wanted to bring in new people who had no allegiance to MI5. My job would be to train them in surveillance. We met for 10 minutes or so, and I remember he had this thing about Benn.

"He believed that if he got into power that would be the end of democracy, and violent

action would be necessary to restore it. His whole attitude was that Tony Benn must not be allowed to become Prime Minister."

Supported

Mr Neave, then shadow Northern Ireland Secretary is alleged to have asked if he could count on Mr Tracey. "I said I supported him and everything he believed in," he said.

Details of the plot come amid

new claims that Mr Neave was asked to join MI5 in a conspiracy to oust Harold Wilson when he was Prime Minister.

Mr Neave's widow, Baroness Airey of Abingdon, said she could not comment

MP Dale Campbell-Savours, Labour member for Workington, yesterday renewed his call for an immediate inquiry into the claims of a plot against oust Harold Wilson. He has tabled a Commons motion naming five MI5 agents accused of taking part in the plot.

London Daily News — 4 May 1987.

FORMER CIVIL SERVANT DENIES HE IS AGENT WHO PLOTTED TO OUST WILSON

Watching eyes at the window



I SPY: Mr Wharton takes a closer look at the world through his binoculars

Pictures: TIM ANDERSON

MP: there's more to tell

LABOUR MP Dale Campbell-Savours is set to disclose more damning evidence of an alleged MI5 plot to topple Harold Wilson's government.

The Workington MP has already named six MI5 agents he says were involved in a secret service smear-campaign.

"I know everything there is to be known about it," he said yesterday. "You can look forward to more disclosures."

As more evidence emerged, the question arose of who were the power-brokers who sanctioned the plot.

Former MI5 chief Sir Martin Furnival Jones and Wilson's successor, Sir James Callaghan, both refused to comment.

But Marcia Falkender, Lord Wilson's former private secretary, did call for a government inquiry.

And Labour MPs are expected to keep the spotlight on

by MARTIN PHILLIPS

a scandal which could hurt the Tories in an election run-up.

Yesterday's allegations centred on claims that Airey Neave, the man who master-minded Mrs Thatcher's rise to power, was approached by spy-master Peter Wright to join the plot.

And a former secret service man claimed that similar tactics were used to oust Ted Heath in favour of a more right-wing Tory leader, smear Jeremy Thorpe to prevent the Liberals forming a coalition with Labour, and ensure James Callaghan became Prime Minister as "the lesser of many evils".

It is not suggested that either Mrs Thatcher or Sir James knew of any covert moves.

The security source said the plots "must have been sanctioned right at the top".

I'm no spy says Harry Wharton — then he spies on us

by PHIL PARRY

RETIRED civil servant Harold Wharton has denied that he was involved in a plot to overthrow Harold Wilson as prime minister.

He insisted that he was the victim of mistaken identity, then retreated to his conservatory and trained binoculars on a TODAY photographer.

The 66-year-old former defence ministry under-secretary also threatened to sue the Labour MP who said a man named Harry Wharton had played a key role in the plot.

Labour's Dale Campbell-Savours claimed Mr Wharton was the MI5 controller of newspaper magnate Cecil King, a key figure in the alleged plot.

But Mr Wharton, who left the Ministry of Defence in 1980, angrily denied that he was the man.

"It's not me and I don't know how the confusion arose," he said outside his bungalow in the village of East Knoyle, near Salisbury, Wiltshire.

"I never met Mr King in my life."

"I have nothing to say. I don't know how the confusion with my name has arisen."

He threatened to sue if Mr Campbell-Savours repeated the allegations outside Parliament.

Lunatic

And he called former intelligence chief Peter Wright, whose book the government has fought to ban, a "rambling old lunatic in Australia".

Mr Wharton, a parish councillor, is standing for election on Thursday, and gives his first name as Harry on the nomination papers.

Mr Wharton and his wife Janet are well known in the village. In 1978, he was made a CBE in the birthday honours list.

He was described then as a senior technical adviser. But he refused to discuss his work at the Ministry of Defence.



NOTHING TO HIDE: Mr Wharton at his home

BEGINNING IN TODAY TOMORROW

SPYING IS THEIR TRADE

Who's who and what's what in the murky world of espionage. By WILLIAM GARNER



11/10/87
— 4 May 1987

Wright's secrets exposed in US

By Michael White in Washington

The British Government's protracted campaign to prevent publication of the Peter Wright memoirs yesterday sustained a major setback when his allegations of incompetence and subversion by British intelligence — including efforts to undermine Harold Wilson's premiership — were splashed across the front page of a leading American newspaper and syndicated to 400 media outlets throughout the United States and Canada.

According to the Washington Post the retired MI5 agent's book Spycatcher reveals his old counter-intelligence agency as "frequently incompetent

Letters, page 10

and characterised by systematic abuses of power and illegal acts, including efforts to spy on and overthrow Harold Wilson when he was Prime Minister."

The synopsis, based on a copy of the Wright manuscript obtained by the paper's London correspondent, Karen De Young, describes an organisation that operated outside the control or knowledge of the government of the day.

According to the paper, MI5 routinely used other British institutions, from the Post Office to the media, to further its aims, and covered up its more questionable activities.

Miss De Young describes the "fun" period at the beginning of Wright's 21-year service when he and his colleagues "bugged and burgled their way across London at United States' behest, while pompous bowler-hatted civil servants in Whitehall pretended to look the other way." MI5's Eleventh Commandment, she concludes, was "thou shalt not get caught."

Many of the allegations which the Washington Post—one of the handful of major American newspapers—shared with its elite readers in the US capital have already surfaced elsewhere. Some were reported as a result of the Government's unsuccessful attempt to suppress the Wright memoirs in a Sydney court last winter.

Officers ready to bring their case into the open

By Richard Norton-Taylor

There were clear signs over the weekend that MI5 officials are so concerned about the increasingly detailed allegations of a campaign against the Labour government in the mid-1970s that they want to explain their case even at the expense of an inquiry.

This potentially significant shift in their position came after a total of six former MI5 officers were named in an Early Day Motion in the Commons one minute before business closed last Friday by the Labour MP, Mr Dale Campbell-Savours. He said yesterday that he would use parliamentary privilege to identify another official who made a statement to the Sunday Telegraph yesterday.

The newspaper quoted an anonymous senior serving MI5 officer who, it said, wanted Mrs Thatcher to mount an official inquiry "to clear my name of a great slander." Another MI5 source was quoted anonymously in the Sunday Times as saying that the security service would

Others were revealed in Britain under parliamentary privilege.

But the sight of elaborate accounts of British diplomatic and political life and personalities during the past 20 years being presented to American readers at a time when it cannot be properly reported in Britain evoked memories of the future Duchess of Windsor's Ipswich divorce in 1936 and other occasions when Establishment clout or the Official Secrets Act have kept the public in the dark about British affairs.

While US tabloids gleefully reported Edward VIII's future bride with such headlines as "King's Moll Reno'd in Wolsey's home town", in 1936 the press lords engineered a blackout in Britain.

Because of the injunctions obtained against it by the British Government, The Guardian cannot report the details of the Washington Post's revelations.

The Post concludes that Mr Wright's primary focus is on proving his long-held belief that Sir Roger Hollis, the late head of MI5, was a Soviet agent. "But the manuscript also details two decades of day-to-day intelligence activities, from the bugging of embassies of both friends and foes by London and Washington to plots to assassinate heads of foreign governments."

British assassination plots, it confirmed, included Egypt's Colonel Nasser and the Cypriot guerrilla leader, Colonel Grivas.

A recurring theme is the conviction among senior MI5 officers that Harold Wilson's East/West trade links in the fifties had somehow made him an intelligence risk.

Though Wright's own suspicions, the Post reports, had begun with the mysterious death in 1963 of the Labour Party leader, Hugh Gaitskill, and Wilson's succession, they were fuelled as early as 1965 by James Jesus Angleton, then head of the CIA counter-intelligence, who had persuaded himself that the British prime minister was a Soviet agent.

Angleton refused to divulge details of his charge unless the information was guaranteed not to fall into political hands. The question of the four-times prime minister's reliability recurred over the years, the Post recorded.

In 1974, when Heath and the Conservatives appeared likely to be replaced by the Labour

Turn to back page, col. 5

Labour to make more MI5 claims

By David Hencke, Westminster Correspondent

MORE MI5 officers are certain to be named by the Labour Party in the next few days as part of renewed pressure to persuade the Prime Minister to set up an inquiry into the allegations that the secret service plotted to destabilise the Wilson Government in 1974.

The names will include both past and present members of the service.

These moves will be made in tandem with a top level meeting agreed by the shadow cabinet to persuade Sir James Callaghan, the former Labour prime minister, to call for an inquiry into the allegations by former MI5 officer Mr Peter Wright in his banned book.

Pressure has already risen considerably by the naming of five new former officers by Mr Dale Campbell-Savours, Labour MP for Workington, under parliamentary privilege.

These are Mr Tony Brooks; Mr Peter de Wesselow; Mr Frederick Otley; Ms Elizabeth Gordon; and Mr Fitz Fletcher.

Conservative backbenchers indicated last night that they were not likely to oppose an inquiry and some MPs were puzzled that the Prime Minister had not acted to defuse the issue by calling one.

Conservative whips have however, had to lean heavily on one rightwing Tory MP, who wanted to name alleged Russian spies in the House of Commons to give credence to some of the more fanciful claims by MI5.

An inquiry could also be welcomed by MI5 itself as the only way senior officers can see to clear the organisation's name and reputation.

Mr Tam Dalyell, Labour MP for Linlithgow, has provided the party with more evidence of "dirty tricks" by MI5 officers during the early 1970s by depositing with Mr Larry Whitty, the party's general secretary, a copy of what he says is an "authentic MI5 forgery of Swiss bank statement of an account belonging to Mr Ian Paisley," the Democratic Unionist Party leader.

This forgery, he said, bore similar hallmarks to a forged Swiss bank account statement created by MI5 to discredit Lord Glenamara, who as Ted Short was deputy leader of the Labour Party under Harold Wilson.

Mr Dalyell, who is finishing a book which covers this period, confirmed that Lord Glenamara was burgled twice at the time.

According to Mr Alan Williams, Labour MP for Swansea West, who was his parliamentary private secretary at the time, personal papers were stolen and later one allegation "so preposterous that I could not mention it" was made.

Mr Dalyell also said yesterday that a series of burglaries were made involving nearly everybody employed at Downing Street.

These involved, among others, Mr John Allen, the son of a former Labour MP; Lord Donoghue, chief policy adviser; Lord Goodman; and Mr Michael Halls, the private secretary.

This series of burglaries has known to have puzzled some of Lord Wilson's closest colleagues at the time including Mr Peter Shore, a close friend of Sir James Callaghan and Lord Wilson.

The disclosures in the Wright affair are now calling into question these series of incidents which at the time were not thought to have any connection with the security services.

MPs on both sides of the House thought yesterday that the continual disclosures and allegations could make an inquiry inevitable.

The Guardian
4 May 1987

Officers ready to bring case into open

Continued from page one

security service with the Government's knowledge.

It is known, however, that officials in both the CIA and MI5 claimed that Mr Harold Wilson himself was a security risk, that a smear campaign was engineered from Northern Ireland in the mid-1970s against him among other politicians, and that some former intelligence officers still firmly believe that his decision to resign in 1976 was related to the activities of MI5, despite the vehement denials of some of his former close advisers.

Spurred on by officials in the CIA who made no secret of their opposition to Labour, MI5 built up a file on Mr Wilson,

now Lord Wilson of Rievaulx, which recorded his frequent visits to eastern Europe and his friendship with Lord Kagan. Before he became prime minister, Mr Wilson sometimes visited eastern Europe as representative of a trading company.

It is believed that one of the officials named by Mr Campbell-Savours last week visited Mr Wilson, after he became prime minister and told him that "It has been reported in the press that I dissuaded Mr Peter Wright from engaging in a plot to destabilise the government of Harold Wilson."

"If there had been such a plot and I had heard about it, I would certainly have tried to dissuade anyone from engaging in such palpable rubbish."

when he was returned to power in 1974. Lord Wilson said last week that Sir John Hunt, then cabinet secretary, tried to put a stop to the smear campaign.

Sir Michael Hanley, then the director-general of MI5, who is still alive, would be a key witness at an inquiry, as would Lord Rothschild. Speaking for the first time about some of the allegations, Lord Rothschild told the Sunday Telegraph: "It has been reported in the press that I dissuaded Mr Peter Wright from engaging in a plot to destabilise the government of Harold Wilson."

The Sun - 4 May 1987

MI5 'TREASON PLOTTERS' ARE NAMED BY MP

By TONY SNOW

FIVE MI5 agents accused of plotting to topple Harold Wilson's Labour government have been named by an MP.

Under the protection of Parliamentary privilege, Labour's Dale Campbell-Savours put down a Commons motion claiming they were "conspirators in a treasonable plot" during the 1970s.

Banned

He also asked Mrs Thatcher what action was taken against them when they were identified to MI5 head Sir Michael Hanley in 1975.

Mr Campbell-Savours named the agents only as Brooks, Fletcher, de Westelov, Otley, and Gordon. Some are still serving.

The "conspiracy" was revealed in the banned book Spycatcher by former agent Peter Wright.

Yesterday MI5 sources said the "plotters" were on official duties, probing Wilson's inner circle.

They added that the operation had his approval following a Russian defector's claims that his office had been infiltrated by the KGB.

Pressure grows over MI5 'plot'

Doubts on Wilson's friends at root of security inquiries

By Paul Valley

Charges and counter-charges over an alleged plot within MI5 to undermine the governments of Harold Wilson and Edward Heath have clogged the columns of the British Press in the past seven days.

Controversy has arisen since details were first published of the claims contained in Peter Wright's book, *Spycatcher*, which the Government is seeking to suppress through legal action in Australia.

Some of the reports, such as the one that the Duke of Edinburgh flew a spy helicopter over the Soviet Embassy in London, strain credibility.

Most of the other accounts are speculative or at best circumstantial. But collectively they may well increase the mounting pressure on the Government to hold an inquiry.

Mr Wright's allegations and those of the complementary press reporting centre on a politically motivated and treasonable conspiracy by 30 MI5 officers to force Harold Wilson from office by leaking embarrassing security reports, some fictitious, to right-wing Fleet Street journalists and union officials.

The plot was then allegedly extended to Edward Heath's government in an attempt to subvert its conciliatory policy in Northern Ireland which included plans to abolish Stormont.

The present Government has refused to set up a new inquiry.

Mrs Margaret Thatcher has repeatedly taken refuge in the fact that in 1977 the Callaghan administration said it had 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".

Although Harold Wilson (now Lord Wilson of Rievaulx) and Sir James Callaghan are remaining silent on the substance of the matter other senior Labour politicians are pressing for a new investigation.

Mr Merlyn Rees, then home secretary, has disclosed that the 1977 investigation was only into the narrow issue of whether Mr Wilson's offices had been bugged.

The wider implications of Mr Wright's allegations were outside the scope of that review, he has said.

Yesterday Lord Glenamara, formerly Mr Edward Short, the deputy leader of the Labour Party, also called for an inquiry.

He said that in the light of Mr Wright's book he was convinced that two burglaries on his flat in London in 1974 were carried out by MI5.

Mr Wilson's principal private secretary, Mr Michael Halls, his personal and political secretary, Lady Falkender, and his office manager, Mr Tony Field, were also burgled, presumably by MI5. Mr Wilson himself was burgled eight times, he was reported as saying.

The origins of the conspiracy are said to lie with an attempt in the early 1960s by right-wing sections of the Labour Party to use the security services to obtain information to discredit individuals on the left of the party.

A committee under the then Mr George Brown is claimed

to have authorized the launch of an MI5 investigation into east European contacts of the left.

Bolstered by a series of reports from Soviet-block defectors who made repeated allegations of KGB influence among the Labour left and in particular among the personal friends and political allies of Mr Wilson, MI5 responded enthusiastically.

It was particularly suspicious of Joseph Kagan (later ennobled in Mr Wilson's controversial resignation honours list) who had fled from eastern Europe after the Second World War.

Other suspects are reported to include Rudy Sternberg (the late Lord Plurenden), a businessman with wide con-

ports seems to have varied wildly.

One unsubstantiated report from the American Central Intelligence Agency, which had also been involved, even suggested that Mr Wilson himself had been a Soviet agent.

Such a claim has now been derided by almost all informed participants but the fact that it was seriously entertained is an indication of the atmosphere in which the conspiracy was said to be conducted.

Some apologists for MI5, while conceding the veracity of some such activity, claim that it was intended not to undermine Mr Wilson but to save him from his own lack of judgement in selecting the company he kept.

Mr Wright was an assistant director of MI5 and at one time the personal consultant to the head of the organization on counter-espionage. But in his early days he was a scientific adviser to the service.

His first contact with the issue was said to have been a visit to Porton Down to investigate the viability of claims that the former Labour leader, Hugh Gaitskill, who had died suddenly, had been assassinated by the KGB to free the leadership post for the left-wing Harold Wilson.

Mr Wilson had already made 19 visits to the Soviet Union, many as the employee of a timber importer after he left the Board of Trade in the Clement Attlee government.

The results were inconclusive and the MI5 investigation which continued was intensified when the prime minister tried to appoint an outsider as head of MI5.

Mr Wright's central allegation is understood to be that in 1973 a small group with direct links to the upper echelons of the Conservative Party approached him requesting leaks from the MI5 files on Harold Wilson and the Labour Party.

They were looking for damaging reports to leak to the media, right-wing trade unionists and Conservative MPs.

Two of these names are still so secret that they do not even appear in the copies of Mr Wright's manuscript which have circulated secretly in Britain.

But it is claimed that the Conservative MP, Mr Airey Neave, who was later a key figure in Mrs Thatcher's election as party leader, was involved along with a number of dissident senior Army officers.

That politically motivated plot is said to have been extended to the subsequent Heath government which, parts of MI5 felt, according to an agent quoted in one newspaper, was "weak, wet and beyond redemption".

The plan was to secure a hard-line right wing government.

An attempt was made to smear Mr Heath when MI5 agents tried to persuade a Czech defector to claim that a homosexual Czech organist had been set to "entrap" the Conservative prime minister on a visit to Prague.

The contents of files on Mr Heath's security adviser, Lord Rothschild, also began to be leaked, with the veiled allegation that he too was subject to KGB influence.

It is said that Mr Heath is considering making a public statement.

Spymaster's dossier on 'treason'

Among the allegations which Mr Peter Wright, author of *Spycatcher*, apparently details, include 23 crimes and 12 acts of treason, are claims that:

● MI5 officers illegally conducted telephone bugging and letter interception.

Among the victims were said to be Harold Wilson, his secretary, Lady Falkender, his lawyer, Lord Goodman, and his senior policy adviser, Mr Bernard Donoghue.

● An unsuccessful attempt was made to lure a Labour minister, Mr Tony Benn, into a sex scandal and to fabricate documents which indicated that Mr Edward Short had substantial funds in an illicit Swiss bank account.

● MI5 agents infiltrated the Ulster Defence Association and in 1974 fomented a general strike to destroy the Government's new power-sharing scheme.

It also manufactured false bank statements to imply that the Rev Ian Paisley and Mr John Hume, of the Social Democratic and Labour Party, were lining their pockets from party funds.

● A compromising MI5 file on the relationship between the Liberal leader, Mr Jeremy Thorpe, and his friend, Mr Norman Scott, was leaked to Conservative Central Office (where Lord Carrington subsequently dismissed it).

● Masonic and "old boy" networks consistently organized cover-ups within the service.

But given the present attitude of Mrs Thatcher, who seems determined that no inquiry will take place, whether any or all of these allegations is warranted may never be known.

tacts in East Germany;

Sigmund Sternberg, a Hungarian emigré who made a fortune in scrap metal; Frank Schon, an Austrian-Jewish businessman (also ennobled and who later offered Lord Wilson a place on his payroll); Stephen Swinger, a left-wing Labour MP, now dead, who Barbara Castle's diaries recorded as "dabbling in east Europe too much"; Niall McDermott, a junior minister who left his wife for a Russian girl in Geneva; John Stonehouse, who was named by a Czech defector in 1969 and who later faked his own suicide, and Bernard Floud, who after MI5 questioning for security clearance as a junior minister gassed himself.

The reliability of such re-

ports seems to have varied wildly.

One unsubstantiated report from the American Central Intelligence Agency, which had also been involved, even suggested that Mr Wilson himself had been a Soviet agent.

Such a claim has now been derided by almost all informed participants but the fact that it was seriously entertained is an indication of the atmosphere in which the conspiracy was said to be conducted.

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Controlling role in plot is denied

By Robin Young

The man who, it is claimed, was the MI5 spymaster who controlled the activities of Mr Cecil King, the former newspaper proprietor, in plotting against the Wilson government, said yesterday: "The whole story seems to come from some old man who is fussed about his pension and is trying to get his own back on the security service. I want to be involved as little as possible."

Mr Harold Wharton, who retired from the Ministry of Defence as an under-secretary in 1980, said he had instructed solicitors to sue Mr Dale Campbell-Savours, Labour MP for Workington, if he repeats outside the House of Commons the allegation that he was the MI5 controller of Mr King.

Mr Wharton, who is standing for re-election on Thursday as a parish councillor in a village near Salisbury in Wiltshire, said he had never met Mr King.

"I did once meet his successor as chairman of IPC news-

papers, Mr Hugh Cudlipp, at a meeting of the Paternosters Club at the Waldorf Hotel about 20 years ago, but I did not know Mr King at all", he said. The Paternosters' membership, he said, included "most of the editors in Fleet Street".

Mr Wharton agreed that he had known Mr Peter Wright, the former MI5 agent who is said to have claimed that Mr King worked for MI5 and attempted to foment a coup against Mr Wilson's premiership.

Mr Wharton said: "Not only was I not one of the members of the security service who Mr Wright claims were plotting against Mr Wilson, I had never heard of their existence. It sounds to me like the murmurings of an embittered old man".

Mr Wharton, who was made CBE in 1978, said that he could not describe his work for the Ministry of Defence.

"No one could, because of the Official Secrets Act", he said.

Wilson cleared of threat

Continued from page 1

night it was understandable that people were becoming concerned about the way the Security Service was being overseen.

"The idea that the Secretary to the Cabinet (Sir Robert Armstrong) can keep an eye on them in his spare time is not satisfactory."

The former official criticized the recent naming by Mr Dale Campbell-Savours, the Labour MP for Workington, of ex-former MI5 officers allegedly involved in the anti-Wilson campaign.

Many of the details of the MI5 "dirty tricks campaign" in the 1970s were sent to Mrs Thatcher in November 1984 by Mr Colin Wallace, a former military intelligence officer in Northern Ireland.

Last night he said: "I sent her a 300-page file which gave her all the background to the MI5 action which was codenamed Operation Clockwork Orange 1 and Clockwork Orange 2. She acknowledged it but I heard nothing more."



Cast of characters in Mr Wright's plot and Mr Callaghan (top) at the time of the Kagan and the late Lord Plurenden (se) Stephen Swinger, a left-wing Labour M Floud, who was questioned by MI5 an

"Daily Telegraph" - 4 May 1987

Inquiry on 'MI5 plot' inevitable, says MP

By Charles Laurence and Quentin Cowdry

STATEMENTS by MI5 officers that the alleged plot against the Wilson government was a legitimate investigation into some of his associates amounted to a "clear admission" and made an official inquiry inevitable, Mr Dale Campbell-Savours, Labour MP for Workington, said last night.

A motion naming five MI5 officers allegedly involved in a plot to bring down the Wilson government was tabled for tomorrow's Commons order paper by Mr Campbell-Savours at the end of last week.

The five are identified on the order paper only by their surnames—Brooks, de Wesselow, Otley, Gordon and Fletcher. It was the naming of them under the cloak of parliamentary privilege that prompted the first public response from MI5 officers to growing allegations of the plot.

The motion says the five were conspirators in a "treasonable plot to bring about the downfall" of Lord Wilson, then Mr Harold Wilson, during his final term as Prime Minister and claims that they were identified in 1975 to Sir Michael Hanley, then director general of MI5.

'Great slander'

The response from senior officers of MI5 came in The Sunday Telegraph. They poured scorn on the conspiracy theories propounded by Mr Peter Wright in his banned book *Spycatcher*, the source of the Wilson plot allegations. One called on Mrs Thatcher to give way to demands for an official inquiry "to clear my name of a great slander".

The MI5 officers said that the "plotters", far from trying to destabilise the Wilson government, were carrying out their duties by "checking out" some members of the then Prime Minister's circle.

Far from being a conspiracy to bring down a government, "the operation was aimed at protecting the government from damage by subversive elements," they said.

Mr Campbell-Savours said: "The statements by an unnamed officer of the security services are a clear admission that an 'operation'—his word—did take place

"These statements have the ring of a feeble excuse and are littered with the clichés one has grown to expect from some people in British politics."

Wilson cleared of KGB threat in MI5 inquiry

By Michael Evans, Defence Correspondent

An investigation of claims by Soviet and Czech defectors that the Wilson Government had been penetrated by the KGB was carried out secretly by MI5 in the late 1960s and early 1970s.

The investigation was ordered officially by Sir Martin Furnival Jones, the then director-general of MI5, because of increasing concern over alarming allegations, particularly those made by the Soviet defector, Mr Anatoli Golitsin, and a Czech, Mr Josif Frolik.

Mr Golitsin had been in American hands and was being debriefed by the CIA. Mr Frolik was a walking encyclopaedia of information about Russian influence in Britain.

But although the inquiry produced minor embarrassments, no evidence was found of any Soviet penetration of the Labour hierarchy.

Last night, a former senior Whitehall Civil Servant said that it would have been "a dereliction of duty" on the part of MI5 not to have investigated the allegations.

"I think that if somebody like Furnival Jones had any suggestion that, for example, a prime minister or ministers or even a member of the opposition were being bugged or their staff penetrated by Soviet intelligence, he would have a plain duty to investigate it", the official said.

However, the official inquiry ordered by Sir Martin was unconnected with the subsequent alleged dirty tricks campaign against the Labour leadership by "extreme right wing" members of the Security Service.

The former official confirmed that in the 1970s there were a number of right-wing members of the security service and among army officers in Northern Ireland, where much of the alleged dirty tricks campaign originated.

But he said: "There was no suggestion at that time of a genuine plot to overthrow the Wilson Government.

"The extreme right-wingers in the security service live in such a curious world. They do imagine things. But they were suffering from delusions of grandeur if they thought they could bring the Government down."

The former official dismissed the claim by Mr Peter Wright, the former MI5 officer, that members of the security service had operated treasonably against the Wilson Government.

He added: "But it is true to say that when some of them in the security service find out something, particularly involving politicians, they take great glory in it and that will always go on. There were

Root of suspicion5
Wright ridiculed5

people in MI5 who were very interested, for example, in Marcia Williams" (Mr Harold Wilson's close adviser, now Lady Falkender).

The former senior Civil Servant confirmed, however, that the investigation carried out by Mr (now Sir) James Callaghan which led to his statement in 1977 that MI5 had not acted improperly in any way, only dealt with the allegation that Downing Street and the Commons Office of Mr Wilson (now Lord Wilson of Rievaulx) had been bugged.

His recollection of the inquiry supports the statements by the former home secretary, Mr Merlyn Rees, who has insisted on several occasions that the Callaghan investigation did not cover the wide-ranging allegations of an MI5 plot against the Wilson Government which are detailed in the banned book, *Spycatcher*, by Mr Wright.

Whitehall officials claimed last week that the inquiry by Sir James had gone beyond the bugging allegation.

After the revelations over the last week about alleged past MI5 skulduggery, the former senior official said last

Continued on page 5, col 3

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10 Newspaper cuttings inside -

"The Observer" Sunday 3 May 1987.

Revealed: Thatcher backer Airey Neave was in secret talks with spymaster Peter Wright

MP names MI5 six in Wilson affair

FORMER intelligence officer Peter Wright approached Tory MP Airey Neave, a close associate of Mrs Thatcher, to join an MI5 plot to oust the then Labour Prime Minister Harold Wilson, according to *Observer* inquiries.

The approach was made in 1974, a year before Neave masterminded Mrs Thatcher's right-wing take-over of the Conservative Party from Edward Heath. Neave was killed by an IRA car bomb at the House of Commons five years later.

Six of Wright's former MI5 associates have been named by an MP under parliamentary privilege. The most senior figures he names are Tony Brooks and Harold Wharton.

Other intelligence sources have since described to us the careers of both men, who were officers in the 'K' branch of MI5 responsible for Soviet counter-espionage. This branch was closely involved in investigations into the background of Mr Wilson himself.

Four others named in a Commons motion tabled by Mr Dale Campbell-Savours, Labour MP for Workington, also had careers in counter-espionage, according to intelligence sources in

EXCLUSIVE

by DAVID LEIGH

Washington. Most were in 'D' branch, predecessor of 'K' branch, where Wright also served.

They are Peter de Wesselow, Frederick Otley, Elizabeth Gordon and 'Fitz' Fletcher.

Airey Neave, who served in the escape department MI9 in the war and himself escaped from Colditz prison camp, retained intelligence contacts when he took up a career in politics in 1953.

He emerged from relative political obscurity in 1975 to organise Tory right-wing opposition to the defeated Edward Heath. He first backed Sir Keith Joseph, then Margaret Thatcher.

Neave, who was particularly trusted by Mrs Thatcher, took over intelligence liaison for the Conservative opposition.

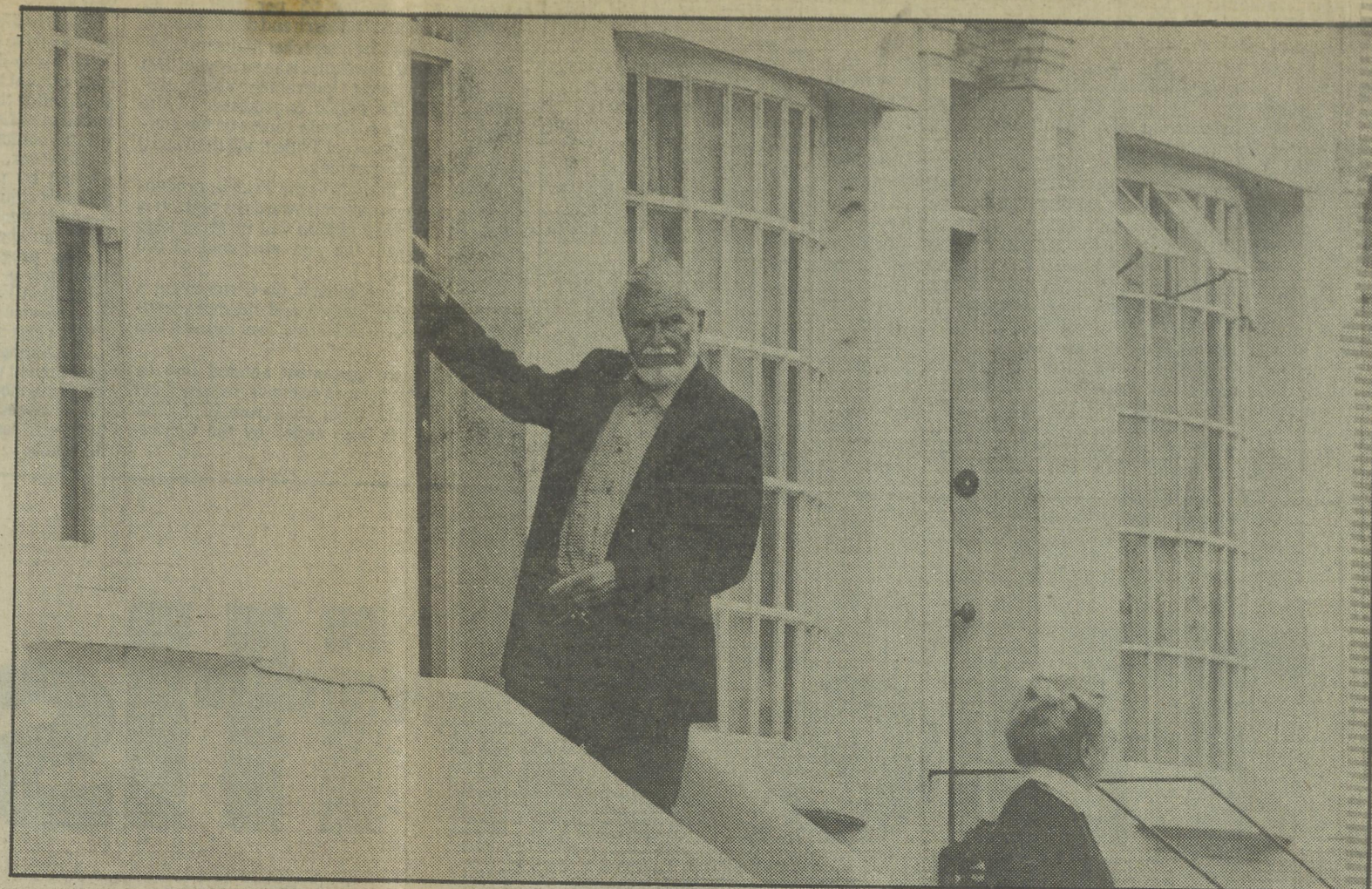
When Army propaganda officer Colin Wallace was dismissed from the Ministry of Defence in Northern Ireland, after growing protests about 'black propaganda' against Labour politicians, he was promptly re-hired privately by Neave to advise on Conservative propaganda and speeches.

'One of my intelligence colleagues suggested after my departure that I should get in contact with Neave,' Wallace said yesterday. 'I then corresponded with him, met him, and was asked for advice on the content of speeches about Northern Ireland security issues.'

The names of Wright's six MI5 colleagues were tabled by Mr Campbell-Savours in the form of two parliamentary motions last week. In his second, tabled on Friday, he calls for a statement from the Prime Minister, who has repeatedly remained silent on the affair and refused demands for an inquiry.

Tony Brooks was traced by *The Observer* to the Kensington house where he has lived since his retirement from MI5 in the mid-1970s. He refused to comment on Wright's disclosures. 'I do not talk to the Press,' he said. 'Get off my property.'

London MI5 friends of Mr Brooks later said that he was 'reluctant' to speak, but they were confident he had done nothing improper. One said: 'His work in that area was authorised at the highest level and was completely legitimate.' Brooks was involved in the inquiries surrounding Harold Wilson.



JOHN WILDGOOSE

Former MI5 man Mr Tony Brooks leaving his London home with his wife.

His earlier career was distinguished. Described as extrovert by his former Special Operations Executive trainer, Brooks parachuted into occupied France in July 1942 at the age of 20. He spent the war years working with the French resistance sabotaging German tank transporters.

After the war he joined MI6, serving in the Balkans. In the mid-1960s, he transferred to MI5 to concentrate on counter-espionage in 'D' branch. CIA sources recall him as an impressive officer.

Wharton, who retired from 'K' branch in 1980 according to his MI5 friends in London, was the man who had an interview with Harold Wilson in the early 1970s, at Wilson's request, to discuss investigations into the background of his friend Joseph Kagan.

The source also said that Wharton's job included making links with the Press and publishers, especially those who had links with Soviet journalists.

Wharton's friends deny that he was involved in any impropriety and claim that he was not interviewed in the subsequent inquiry conducted by the then head of MI5, Sir Michael Hanley.

■ The secret services will be a key factor in the general election campaign because they are working against Labour and for the Conservatives, Mr Tony Benn claimed yesterday.

'Everybody should be ready for more false and damaging stories about the Labour Party to be circulated during the general election, and be on the lookout for them,' said the Labour MP for Chesterfield at a rally in Sunderland.

■ MI5 mantra: page 9.



Mrs Thatcher and Airey Neave, architect of her leadership triumph.

WHEN this newspaper first revealed in 1977 that there had been a plot among MI5 officers to discredit Harold Wilson and his Labour Government, the news was greeted with scepticism, as an example of the former Prime Minister's paranoia. Ten years on, the Peter Wright memoirs confirm the story. A group of middle-ranking spies clearly *did* have Wilson in their sights and planned to bring him down.

When this newspaper began recounting Wright's version of events, it was rewarded with an injunction by Mrs Thatcher's security-obsessed administration. We were gagged and with the *Guardian* go back to court on Thursday to appeal against temporary restraints that are now almost a year old. The Thatcher Government has argued that Wright's book, 'Spy-catcher,' was the rantings of an old, embittered former spy who had a grudge against his colleagues for depriving him of a proper pension. Wright's testimony, the argument ran, was bad form. The trivial information he let loose was not the point; he had broken the rules of the game and betrayed the confidences entrusted to him. If he were allowed to get away

SORDID SECRETS THAT MUST COME OUT

THE OBSERVER

8 St Andrew's Hill, London EC4V 5JA. 01-236 0202

with it, the whole system of keeping State secrets would be blown apart. As a headmistress would put it: what if everyone were to behave in this way?

A similar argument was trotted out by the wriggling Sir Robert Armstrong in the Sydney court asked to stop publication of the Wright book in Australia. The British Government case was, again, that although the revelations were in themselves of little consequence, the very fact of his breaking his oath of silence was to betray a principle which protects the best interests of the British public. No nation could afford to allow one of its former spies to spill the beans about espionage.

The logic has a certain sense to it. In a modern State, many things must be kept secret, particularly in the security field. Kiss-and-tell memoirs can be dangerous, not least to those harmed by allegations and accusations which their own vow of silence prevents them from answering.

But the Wright account of events inside MI5 is not mere tittle-tattle.

He accuses a number of fellow spies of plotting to overthrow an elected British Government. What is more, when Wright blew the whistle on this unconstitutional behaviour, his superiors covered the whole matter up. It is not being melodramatic to say that democracy was seriously endangered in Britain in the mid-Seventies. Unknown to the public, the security service was in turmoil, as it tried to keep its skulduggery quiet. And the secret services, then as now, are responsible to no adequate ministerial or parliamentary scrutiny.

It might be imagined that any democrat, any good parliamentarian—especially any Prime Minister—told of this news would be urgently trying to get at the truth about the plot that Wright revealed. What exactly went on? How far up the hierarchy of

MI5 did the treachery reach? Were those guilty of undermining Harold Wilson ever punished? Did the plot stretch to other prominent members of British life? Were Members of Parliament involved? If so, who were they? But not a bit of it. It was after Mrs Thatcher had read the Wright typescript that the succession of gagging writs and injunctions was set loose.

The Prime Minister has stuck to her line with a stubbornness that can seem admirable to those who think her right. Yet, despite the wall of obfuscation erected by her legal officers, the Wright stuff keeps spilling out. Last week, three more British newspapers were silenced, following the lead of *The Observer*, the *Guardian* and Wright's publishers Heinemann. But there is no putting

the genie back in the bottle. Wright has been chased half-way round the world and still the secrets cannot be kept. One Australian judge has already declared himself unimpressed by the British Government's case, and there is no indication that the appeal court will overturn his verdict.

In the Commons, Mrs Thatcher has hidden behind a curious line of reasoning. Security matters affecting the administration of former Prime Ministers have nothing to do with her, she says. This is nonsense. The treachery of Anthony Blunt was announced by Mrs Thatcher, who had him stripped of his knighthood. And only 10 days ago Mrs Thatcher also stretched back into history to reveal the security risk posed by the homosexuality of Sir Maurice Oldfield, Britain's spymaster from 1973-78.

In any case, the behaviour of MI5 a decade ago *does* have a bearing on her own administration, for it must be a matter of genuine concern to the British public today that the situation exposed has been put right and that

the secret services are subject to proper oversight by elected representatives.

As we have argued before in these columns, the one person who could force the Prime Minister's hand is Sir James Callaghan, for it is behind his limited inquiry into the alleged bugging of Harold Wilson's offices that Mrs Thatcher has chosen to hide. He knows that his investigation was restricted to a single subject and did not respond to the latest information about the MI5 plot against his predecessor and against the Government of which he was senior member.

Why on earth is he keeping quiet? A single telephone call to Number 10 has produced no results. If he remains silent for much longer, the whole matter will be buried beneath the rush to sweep up remaining government business before the general election. He would be doing a final good turn to his country, to his former colleagues and to his party if, in his final days as a Member of the Commons, he were to pull back the curtain concealing these sordid secrets and declare himself unequivocally in favour of a full-scale inquiry into the allegations of MI5 treachery.

Revealed: MP names 'traitors' MI5 leaps to defend Wilson plot agents

by Donald Macintyre, Ronald Payne and Robert Porter

FIVE MI5 agents accused of being "conspirators in the treasonable plot to bring about the downfall of Lord Wilson" were named last night under the protection of parliamentary privilege.

The accusation is likely to increase pressure on Mrs Thatcher, not only from MPs but from some senior security service officers, to order a full-scale inquiry into claims by Mr Peter Wright, in his banned book *Spycatcher*, that MI5 agents tried to topple the Wilson government.

Mr Dale Campbell-Savours, Labour MP for Workington, put down a Commons early day motion naming the men as—Brooks, de Westelov, Otley, Fletcher and Gordon. The motion demanded to know from the Prime Minister what disciplinary action had been taken against the five "when they were identified to Sir Michael Hanley, Director General of MI5 in 1975."

The allegation provoked instant outrage in senior intelligence circles culminating in an angry rebuttal of Mr Wright's "conspiracy" claims by a senior serving MI5 officer last night.

The MI5 source broke silence to pour scorn on Mr Wright's claims and to call on Mrs Thatcher to mount an official inquiry "to clear my name of a great slander."

The security service defended itself publicly for the first time, by claiming that, far from seeking to de-stabilise the Wilson

government, the so-called "plotters" were carrying out their security service duties by "checking out" some members of the then Prime Minister's circle.

The source claimed that MI5 agents were told that the operation was being conducted with the approval of Mr Wilson, and that they were investigating allegations that people close to him were connected with KGB operations in this country.

Suspicion fell on some of the people who mixed in the same circles as Lord Kagan, the raincoat manufacturer, who was a great friend and benefactor of Wilson.

The outcome of the investigation has never been disclosed and it is known that some of the figures on whom the greatest suspicion was concentrated are now dead.

The new parliamentary development came as Lord Rothschild spoke out for the first time about Peter Wright's allegations that he was the peer who talked him out of joining the so-called MI5 "plot" against Wilson.

In a Delphic statement to *The Sunday Telegraph*, Lord Rothschild neither confirmed nor denied the existence of the reported plot against Wilson.

He said: "It has been reported in the press that I, Lord Rothschild, dissuaded Mr Peter Wright from engaging in a plot to destabilise the government of Harold Wilson. If there had been such a plot and I had heard about it, I would certainly

have tried to dissuade anyone from engaging in such palpable rubbish."

According to MI5 sources at least four of the men named in the Campbell-Savours motion were, or still are, intelligence officers. The only other clue to their identities is that a man named "Brooks" served as a much-decorated wartime officer in the Special Operations Executive in France.

M. R. D. Foot, in his definitive history, "SOE in France," refers to a Lieut-Col Anthony M. Brooks, who won two DSOs and an MC. He was an underground agent parachuted into wartime France under the codename "Alphonse". He is said by one close associate not to hold "Right-wing views."

"These allegations which Wright has made are totally absurd, untrue in every detail and based on a complete misapprehension of events," the MI5 source declared. "This was not a plot to unseat Wilson but an operation to look into the potential disloyalty to this country of some of the people in his circle."

"Far from being a conspiracy to bring down an elected government, the operation was aimed at protecting the government from damage by subversive elements. One well-known way to damage a country is for agents of a foreign power to gain close access to government and it is the duty of the security services to prevent this."

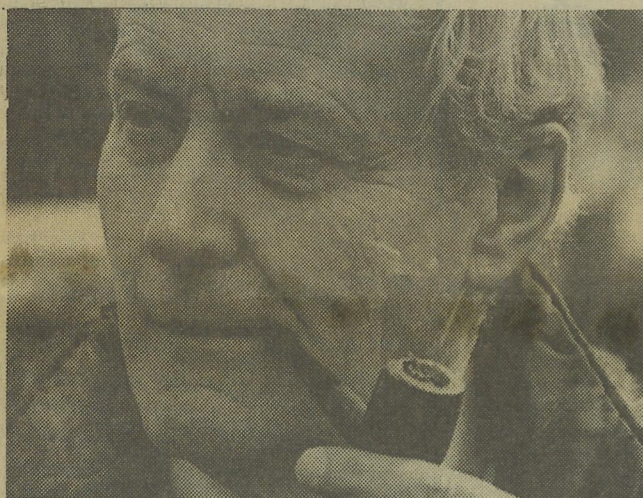
"You are not talking of Right-wing zealots, but of people who genuinely felt they had uncovered a threat to the nation."

Mrs Thatcher has firmly resisted calls for a new inquiry arguing that the allegations were investigated during Sir James Callaghan's premiership in 1977, and that the investigation had wide terms of reference. Mr Merlyn Rees, the former Labour Home Secretary, has continued to insist that the inquiry undertaken during the Callaghan Administration dealt mainly with accusations that Sir Harold Wilson's offices in Downing Street were bugged and that the allegations which have now surfaced from the "Spycatcher affair" were not all covered by it.

Mr Wright's book, publication of which the government is seeking to block through the courts, and extracts of which were published in the *Independent* on Monday, claims that 30 MI5 agents were engaged in a treasonable plot to bring about Wilson's downfall.

The present Attorney General Sir Michael Havers has opened contempt proceedings against the *Independent*, the *London Evening Standard* and the *London Daily News*.

Peregrine Worsthorne—P22;
Robert Porter—P23



Mr Benn attending the rally in Sunderland

Benn hints at MI5 role in election

LABOUR would have to fight against the Tories and the security services during the general election campaign, Mr Anthony Wedgwood Benn, the Labour MP for Chesterfield, claimed yesterday.

He told a May Day rally at Sunderland, Tyne and Wear: "We are up against two alliances—the SDP-Liberal Alliance and the Tory-MI5 alliance."

Referring to reports about Mr Peter Wright's allegations that MI5 plotted against the Wilson government in the 1970s, he said: "The Prime Minister's refusal to investigate the charges that senior MI5 officers were engaged in a series of illegal burglaries, break-ins and attempts to destabilise an elected government has made it clear she does not with the truth to come out."

"The argument that if a

crime was committed when the Tories were not in power they have no responsibility for having it investigated, does not really convince anybody. All it tells you is that the Prime Minister gave active support to what MI5 is reported to have done."

The role of MI5 and MI6 would be a central issue in the election campaign, he said, adding: "We know MI5 and MI6 were working directly against Labour and hence for the Tories in the past, and we must assume they are doing the same now."

"They and their allies in the CIA are a state within a state and pose a direct threat to democracy."

Mr Benn gave warning: "People should be ready for more false and damaging stories about the Labour Party to be circulated during the election campaign and should be on the lookout for it."

Wilson and security: roots of suspicion

WHEN Harold Wilson announced his sudden resignation in 1976, the news stunned most of his closest political and trade union friends, who clearly had no inkling of his intention.

Even the most senior union barons—the men from whom Wilson had taken his orders over economic policy—were not privy to the decision to quit. Hugh Scanlon, presiding over an engineering union conference in Eastbourne, thought I was joking when I passed the news flash to him from the Press table to the platform.

In the 11 years that have elapsed since then, no one has effectively answered the question as to why Harold Wilson went when he did. His decision to quit handed the most powerful job in British politics to James Callaghan—a man he loathed, despised and distrusted. Callaghan it was who sabotaged Wilson's and Barbara Castle's attempt to curb union power with "In Place of Strife." By going, Wilson ensured that his foe entered the history books as the only statesman this century to hold all the major offices of State.

It was out of character for a man as devious and grudgebearing as Wilson. Out of character, that is, unless he was pushed by forces which have never adequately been revealed, and this theory has intrigued historians and commentators ever since, because it lends itself to endless speculation about the possible involvement of MI5, the CIA and even the KGB. The rumours have now been refuelled by Mr Peter Wright's claim, in his book "Spycatcher", that a Right-wing, dissident group of 50 MI5 officers did indeed plot against Wilson after his 1974 victory and during his first term in office from 1964-70.

There are grounds for arguing that the circle of people who surrounded Wilson was of such a bizarre complexion that the security services would have been failing in their duty if they had not kept a watchful eye. Joseph Kagan, of "Gannex" fame, who was granted a life peerage in the notorious 1976 Resignation Honours, was said to have been under MI5 observation in the days before his arrest and imprisonment for fraud and theft.

The late Rudy Sternberg, a key financial backer of Wilson, who was elevated to the title of Lord Plureden, features in a book ("The British Connection" by Richard Deacon) which claims he was the subject of a full-scale MI5 investigation over his business links with East Germany. Lord Bravley, ennobled by Wilson, died in disgrace facing criminal charges of misappropriation of large sums of money; while Sir Eric Miller, knighted by Wilson, shot himself rather than face similar charges.

Perhaps the strangest instance of all, however, is the claim in Barbara Castle's diaries that a Minister of State in the Wilson Government, Mr Stephen Swingle, had compromised himself in security terms with Iron Curtain countries. She recounts that when she "beg-

Harold Wilson with Joseph Kagan, who was under MI5 surveillance before his arrest for fraud and theft.



Why MI5 focused its attention on the Wilson Government: not because of the Prime Minister himself but because of the activities of some members of the circle around him...by Robert Porter

ged" Wilson to bring Swingle into the Cabinet as Transport Minister, she was told this was not possible because the security forces had a file on him.

If true, the story reeks of cynicism, because Mrs Castle makes it clear that Wilson's objection to Swingle's presence in the Cabinet was not on moral or ideological grounds, but simply because it would provide a devastating political weapon for his arch-enemy Callaghan, who was Home Secretary.

Wilson's objection, so the diaries claim, was that Callaghan would have had access to the secret service files and would have been able to discover for himself that a place had been given in the Cabinet to a man who was hopelessly compromised by his activities involving East European Governments. Callaghan would then have used this information to damage Wilson.

Swingle, Left-wing MP for Newcastle-under-Lyme, was Minister of State in Mrs Castle's Transport Department. When she pressed for his promotion, Wilson said there would be trouble over security, and her diary records: "Stephen had been doing some 'very stupid' things."

When Mrs Castle agreed to become Minister of Employment and Productivity in 1968, she again pleaded for Swingle. Her diaries record: "Harold said he would check up on the record again and see how black it was, but Stephen really had been dabbling in Eastern Europe too much. He couldn't

risk giving Jim Callaghan (who had access to the security records) a weapon against him by bringing Stephen into the Cabinet if Stephen were in any way a security risk."

Swingle stayed on as a Minister of State and was involved in many influential pieces of decision-making. He moved to a similarly important post in the DHSS and died suddenly of pneumonia in 1969.

The fact that he was allowed to remain as a second-ranking minister in the Wilson Administration must have led any self-respecting MI5 official to feel that at the very least there was an alarming lack of urgency at the very highest level over matters of State security. It is also a disturbing insight into the moral bankruptcy which prevailed in those days—surely the nadir of democratic government in Britain.

Wilson's closest confidante, Marcia Williams, elevated by her master to become Lady Falkender, entertained no doubts about Swingle's outstanding ability and his invaluable assistance to Barbara Castle in putting her Transport Bill through Parliament. Writing in her book, "Inside No 10," Lady Falkender wrote: "She was very lucky to have with her Stephen Swingle, later to die tragically, since he was one of the few young men in the Labour Government who, while still on the second ministerial tier, clearly had all the qualifications for promotion to a top job."

Lord Wilson refused to comment on the Swingle inci-

dent or on any aspect of Peter Wright's allegations. Speaking from his holiday home in the Scillies, he told me: "Lots of people have written diaries, and I don't think there is anything I can say about this particular incident at all. As to the rest...the whole affair is sub-judice."

Despite the shock waves which Wilson's resignation sent through the Labour and trade union establishment, the closest members of his "kitchen cabinet" maintain that he had always intended to quit after two years. This view is shared by Lady Falkender, Mr Joe Haines (Wilson's Press Secretary) and Bernard—now Lord—Donoghue, one of his special advisers. Mr Haines claims that Wilson had run out of ambition and wanted nothing more than to relinquish the trappings of power.

If this view is correct then it is entirely possible that Wilson had become sickened by the circus of entrepreneurs, wheeler-dealers and charlatans with which he had surrounded himself. Whatever the reasons, it seems clear that Wilson was already tired and past his best when the alleged MI5 plot against him would have been unfolding.

These were days when the very fabric of society seemed to some people to be under threat. Edward Heath had crashed to ignominious defeat at the hands of the miners. Scargill had earlier marched his men to the Salfrey coke depot in Birmingham and closed it. Wilson took office, handed

the miners all they had asked for, won a second election in October, 1974, and began the policies which rendered his Government increasingly subservient to the union barons of Congress House. To embittered observers on the right it seemed as though Jack Jones and Hugh Scanlon were virtually dictating the nation's economic policies. Michael Foot, as Employment Secretary, dismantled the last vestiges of Heath's trade union legislation. It was replaced by the "social contract" which, in exchange for voluntary pay restraint by the unions, gave the TUC almost unprecedented influence in government.

Another source of unease was the close links between the Wilson-Marcia Williams faction and Israeli contacts. Critics commented on the high proportion of Jewish businessmen, particularly foreign-born entrepreneurs,

who had bankrolled Wilson in the days of Opposition and were increasingly popping up in his honours lists. This was a constant source of resentment within his own party—a resentment which reached its climax after the notorious "lavender list" in which the names of those he honoured upon his resignation were scribbled on to a lavender-coloured sheet of paper by Marcia.

From the days, 30 years ago, when he was economic adviser to the timber firm of Montague L. Meyer, Wilson had enjoyed constructing East-West deals and mixing with high-flying entrepreneurs. Rudy Sternberg, who made millions out of trade with East Germany, was a man he much admired.

Others in the circle included Sir George (now Lord) Weidenfeld, the eminent publisher; Sir Samuel Fisher, vice-president of the London diamond bourse; Aniel Handler, London managing director of the International Credit Bank of Geneva, a back-up organisation for a group of Israeli financiers; Sigmund Sternberg, a Hungarian emigré who made a fortune in scrap metal; Harry (later Lord) Kissin, a Russian-Jewish lawyer who specialised in commodity trading; and Frank Schon, an Austrian-Jewish businessman who also became a life peer. Wilson went on to the payroll of Schon's company—Marchon Products—and intervened with Mikoyan to help win an order for a detergent plant in Russia—although this was clearly not while Wilson was in Government.

The Israeli Embassy was reportedly delighted at the wave of pro-Zionism which emanated from No 10 in those days. Senior civil servants took to calling the Wilson-Marcia connections the "Bar-Mitzvah Circuit" and the links caused considerable unease among Leftwing Palestinian circles of the Labour Party.

Thus was the scene set for an atmosphere of mounting concern among the security services. None of the story recounted so far is to suggest in any sense at all that Harold Wilson was a security threat or was guilty of any corruption or major impropriety which would render him unfit for high office. What it is intended to show, however, is that he lacked

judgement and allowed a chain of events which, in turn, created circumstances in which there could be legitimate grounds for concern over security.

And, indeed, it has now become clear that this is what did happen. According to senior MI5 sources which have become available to *The Sunday Telegraph* only this weekend (see Page One story) the security services did suspect that the Wilson circle had been penetrated by people who were at least sympathetic to the KGB. These people used their connections to seek information at the highest levels about what was going on inside the Government of this country.

A senior MI5 source revealed to us that he and his colleagues became increasingly concerned about the background and motives of some members of the Wilson circle, especially some of those who were friendly with Lord Kagan. After a series of preliminary inquiries they took their evidence to Wilson and asked for permission to mount a thorough investigation.

According to our sources this permission was granted and an MI5 team set about researching the backgrounds of certain key figures. High on their list was,



Stephen Swingle MP: Eastern bloc dabbler

allegedly, the late Lord Plureden, formerly Rudy Sternberg, whose links with East Germany were second to none. Sternberg was in the habit of driving around East Germany in a huge Rolls-Royce with a British flag fluttering from the radiator.

These MI5 investigations took place in 1974 and 1975. The conclusions must have been handed on to Wilson, although they have never been made public. No one knows what happened or whether any guilt was ever proved. MI5 has no powers of arrest, and there is no evidence that its investigations led to any arrests by the Special Branch. It is a secret which Wilson may well take with him to the grave.

The MI5 sources claim that Peter Wright, in his book has totally misrepresented the historical position. The operation mounted by the security services was in no way aimed at de-stabilising Wilson or bringing down the elected Government by subversive means.

Instead the aim was to warn the Prime Minister that his security was being endangered by some of the company he was keeping. It was essentially an operation to stabilise the Government, not the opposite, as Wright and his Left-wing MP accomplices are maintaining.

According to MI5, Wright is either acting out of deliberate malice or else his mental condition is so uncertain that he has genuinely confused what happened at the time. The MI5 people involved in the operation told us this weekend that they would welcome a full-scale inquiry by Mrs Thatcher. They are bitterly angry at the political capital which is being made out of the affair by people such as Mr Dale Campbell-Savours, the Labour MP for Workington, who has this weekend put down a Commons early day motion naming five alleged MI5 agents.

The five are named in the Commons motion as:—Brooks, de Westlow, Otley, Fletcher and Gordon. A check by this newspaper has revealed that a man named "Brooks" is mentioned in M. R. D. Foot's definitive history of the wartime Special Operations Executive—"SOE in France." This gallant SOE officer was Lieut. Col. A. M. Brooks, who won two DSOs and an MC. If he is indeed the same "Brooks" as is named in the Campbell-Savours motion, his friends say this would be an outrageous slur on the honour of a distinguished and utterly patriotic gentleman.

Sadly, Lord Wilson's own recollection of past events lacks its former clarity and he has made it clear he is perfectly prepared to allow Mrs Thatcher to judge whether or not a fresh inquiry is called for. Sir James Callaghan, who conducted the 1977 inquiry, has so far declined to press for a fresh one.

The case for allowing the cloak of history to remain in place has up to now been a strong one. But if Left-wing MPs, for their own political ends, are continually to drag up names of alleged MI5 agents and accuse them of the worst crimes on the statute books, perhaps the time has come for smears made under the protection of parliamentary privilege to be put under forensic scrutiny. This can only be done if Mrs Thatcher changes her mind and orders an inquiry.

Can Japan win the trade war?

As Prime Minister, Lord Stockton, in his already aristocratic way, used to compare the economies of Britain and America with those of ancient Greece and Rome. We provide the culture and the Americans the trade. If he were alive now, he might substitute Japan (for the Japanese do admire European culture) for America.

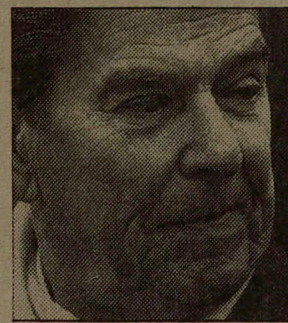
It certainly looks very much like it. Currently the Japanese import only half what they export, and of their imports three quarters are raw materials (of which they have none). So in manufactures Japan imports only an eighth of what it exports, leading to massive Western money deficits, bringing down the American dollar in particular and threatening a world slump.

The classical economists would tell you not to worry, provided the quality of Western goods is right. Japanese tariffs, on average, are not high. The yen is rising steadily, making foreign imports very cheap and Japanese exports very expensive. A new balance will be achieved.

The reason why this is not happening is that Japan, though a democracy, is not a free market economy. It is a corporate State which is run, not like pre-war Italy by the politicians, but by banker/industrialists (personally interchangeable).

The Japanese Prime Minister was not being hypocritical when he said he has "little influence" over the manufacturers, nor when he went on television to urge consumers to buy foreign goods (what other Prime Minister ever did that?). The economy is run by six huge industrial groups, made up of the 50 largest companies, financed by the Industrial Bank of Japan at very low rates of interest.

It is conducted through the Ministry of International Trade and Industry (MITI). Though the Minister is a politician, the executive committee is dominated by industrialists and bankers who also staff the innumerable committees. They cor-



Reagan



Nakasone

Mrs Thatcher and Mr Reagan turned the heat on the Japanese last week with warnings of severe reprisals if Japan did not open up its markets to outsiders. In

Washington the Japanese Prime Minister, Mr Yasuhiro Nakasone, responded to America's recently imposed penalties on certain Japanese goods by promising to introduce measures to stimulate its economy and encourage increased Japanese consumption of foreign goods. At a meeting at Downing Street, Mrs Thatcher told the Japanese Trade Minister, Mr Hajime Tamura, that Britain was tired of words and empty promises. This article examines the background to such strong representations.

by Lord Hartwell

porately decide the "priorities" but in a very different way from the planners of George Brown's time.

In the early days of the Japanese car export onslaught, for instance, it was decided to sell at a loss, subsidised by the remainder of the big six, while securing a major share of the market. Similarly, at the moment, the priority is electronic chips whose undercutting of the American market, where they originated (remember Silicon Valley?), has outraged Washington and will move to Europe if rebuffed there.

Not for them the "horrors of the impenetrable and inefficient distribution system." The market leaders make no distinction

in the severity of their competition for their own kind and for foreign companies. The little fellows are relegated to making components for their bigger brethren at low prices, necessitating low wages.

When imports are difficult to exclude, technical difficulties are artificially created. Marks & Spencer biscuits (whose quality could be higher?) were excluded because of the "uneven thickness" of each biscuit. Another manufacturer was excluded because one ingredient was spelt wrong. And so on.

When something more is required, as in the case of Britain's largest export, Scotch whisky, a tax six times that on local spirits is slapped on. Cur-

rently the retail price of Scotch is £40.

Sometimes imports are forbidden altogether, as in the case of California rice, or foreign building contractors are excluded unless they have already done business in Japan (which did not prevent their own contractors pinching the Bosphorus Bridge from Britain, at a loss).

A similar situation is arising in respect of "financial services." So far Japan has a deficit on invisibles and is attempting to correct it in the London market. There are already 60 Japanese banks in London and more are applying to come in. Meanwhile, only one British Bank, two market-makers and no fund managers have been admitted to Tokyo, on the grounds that "there is no more room." Cable & Wireless and an American company, the only companies in the world at present capable of providing modern international communications in the Far East, are being excluded, except for a tiny percentage, from the Japanese market.

Now, for the first time in a decade of mounting Japanese surpluses, last year they reached 101 billion dollars—North America and the EEC are uniting against her to force her to open up her own market.

Last week, the Japanese Prime Minister's special envoy to Washington floated the idea of a 30 billion dollar loan to the third world, but chiefly to finance yet more exports.

Paradoxically, the Japanese themselves are ceasing to benefit from their own prosperity. Since the yen is now so expensive in terms of the foreign currencies in which it is earned, profit margins in foreign trade have been squeezed and, though inflation is almost zero, unemployment and feather-bedding are emerging. The average standard of living is only half that of the United States, housing is miserable and the money coming in from abroad is being funnelled into the stock market and property. There, prices have become so high that the possibility of a "Wall Street" type crash is looming.

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— WITHOUT YOUR HELP IT'S INCURABLE —

But did those MI5 'plotters' have a case?

THERE WAS SOMETHING a bit disturbing about the *Independent's* scoop-hungry decision last week to defy the law and publish an extract from Peter Wright's sensational book; rather as if a confirmed vegetarian were suddenly to succumb to the intoxicating temptations of red meat. The extract published, however, merely confirmed my impression of the impracticality of trying to establish the truth of Mr Wright's allegations against MI5. The web he has spun is just too finely drawn to be unravelled; the cast (mostly dead) too large. If it were Mrs Thatcher's habit to take the easy option, she would give way to the current clamour for another inquiry, in the pretty certain and cynical knowledge that it would run into the sands, after spending a lot of public money. But being Mrs Thatcher, she has done the sensible, as well as the responsible, thing: stone-wall.

Why responsible? Quite simply because any inquiry set up to establish the existence of an MI5 plot might all too easily unearth a lot of dirt about the Wilson Government which would go a long way to explain, if not excuse, MI5's alleged attempt to bring it down. In calling for an inquiry the Labour Party is taking a terrible risk. For if the MI5 plotters

were to be forced into a corner, they would certainly want to defend themselves by explaining just what it was about the Wilson Government which gave them cause for acute concern. Conventional wisdom assumes that the plotters were all a lot of crazed reactionaries who saw Reds under every bed. One or two of them may have been of that ilk. But surely not the 30 mentioned by Mr Wright. If a plot of that size and scope there was, then the ugly suspicion must arise that quite a number of sane and honourable people had sound reasons for concluding that desperate measures were justified to get rid of the Wilson Government.

Of course they had no constitutional right to indulge in destabilisation. What they did, if they did do it, was outrageous. But if the details of their wrong-doing were to be brought to light by an inquiry, so also might be the details of what they felt had gone wrong in Downing Street, and that, too, might all too easily turn out to be equally outrageous and even more dangerous to the well-being of the State. In other words, the inquiry might establish not only MI5's madness, but also the method in it. That MI5 may have behaved with disgraceful impropriety is perfectly possible.

SUNDAY TELEGRAPH

135, FLEET STREET, LONDON EC4P 4BL TEL: 01-353 4242

But knowing what we do about the people around Wilson, it is equally possible that some of that seedy bunch were using the sanctuary of Downing Street to escape all the traditional methods of surveillance and control. In such circumstances—ie, when the wrong-doing is being done by the Prime Minister's trusted cronies—to whom should the secret services turn?

Constitutionally, they should turn to the Prime Minister, to whom they are responsible. But what if the Prime Minister himself is suspect? These are deep and dreadful waters, in the murk of which MI5 almost certainly lost its way. But how to tell that lesser MI5 part of the story—from which useful lessons ought to be learnt—without also revealing much about the Wilson Government which could only

redound to the nation's discredit? If Mrs Thatcher were just a party politician, she would no doubt enjoy blackening the Wilson record. Fortunately, she is also concerned with the country's reputation.

Sir James Callaghan, by his silence, gives the impression that he agrees with Mrs Thatcher's refusal to set up another inquiry. He, too, seems to think that no good would come of it. Up to a point, this might suggest an Establishment cover-up. But cover-ups can serve a useful purpose, if they help to prevent unnecessary picking-off of scabs that protect wounds, the re-infection of which could all too easily poison the body politic. If this meant that the secret services remained quite unchastened, and as arrogantly inclined today to take the law into their own hands as they allegedly were in the 1970s, then that would indeed be a sorry state of affairs. But it does not. The Wilson years were quite specially awful in pretty well every respect. Never has this country come nearer to economic ruin. Its future as a great nation was desperately uncertain. Everywhere there was the stench of decay and corruption. In short, the nation got the secret services it deserved, being perhaps lucky to do so.

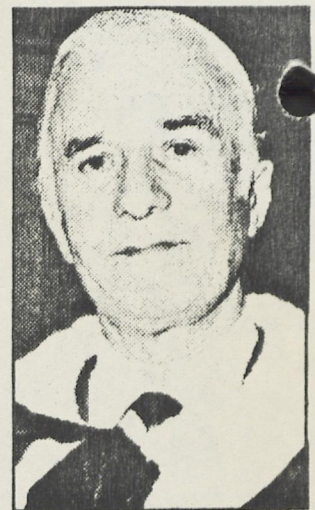
Those dog years are over and there is no point in agonising over diseases which need be no more than a horrid memory. Given a reasonably healthy body politic, MI5 would not dream of plotting and it would not matter much if it did, so ludicrously little chance would there be of any such plotting having the slightest chance of success. Even in the dog Wilson years, such plotting was hare-brained enough and never got anywhere; more low comedy than high tragedy. Today, usurpation of the democratic process by MI5 does not need to be a pressing concern at all, and only a party, like the Labour Party, desperate for a gimmick—or a newspaper similarly desperate—would pretend otherwise. Governments also get the secret services they deserve. Just conceivably this country will once again find the secret services flexing their muscles. But the best way to prevent this is not to have another inquiry into MI5, but to make sure that this country is never again as misgoverned as it was under Harold Wilson.

Fortunately, on present prospect, that is exactly what the electorate intends to do, at least for the next five years.

Peregrine Worsthorne

Dirty tricks department blamed for raids on Labour chief's flat

MI5 burgled Wilson deputy



CLAIMS: Lord Glenamara

EXCLUSIVE

THE deputy leader of the Labour party under Harold Wilson claimed last night he was twice burgled by secret service agents of MI5.

Ted Short, now Lord Glenamara, has never before spoken of two raids at his London flat in 1974.

But SUNDAY TODAY can reveal that he now links them directly to MI5 "dirty tricks" plotters who were trying to discredit Wilson's administration.

His claim will add to the pressure on Mrs Thatcher to launch an inquiry into alleged illegal activities of the secret service in the 70s which Lord Glenamara says amount to treason if true.

He said: "I have no doubt that there was an MI5 plot to discredit the Labour government in 1974. And now I have to say that I have no doubt the burglaries at my flat were the work of MI5 as well."

Demand

Lord Glenamara already believes that forged documents circulated in 1974, which attempted to show he had an illegal Swiss bank account, were part of an MI5 smear campaign.

He now wants former Labour prime minister Sir James Callaghan to demand an immediate inquiry. "Heaven knows why he has not done so already," he said.

by **STEWART PAYNE**
Chief Reporter
and **TERENCE LANCASTER**
Political Editor

Mrs Thatcher is believed to have made it clear that if Sir James made such a demand she would reluctantly agree.

Lord Glenamara, who was Leader of the House of Commons from 1974 to 1976, said the burglaries occurred three months apart at his flat in Pimlico, which he used when at Westminster. They were investigated by police but the culprits were never found.

On the first occasion his front door was broken open and the second time a special lock was chiselled out. No one was taken.

"It seems they must have been looking for something but I made a point of never keeping any papers or documents in my flat."

Turn to Page 2

From Page 1

said Lord Glenamara. Months later, when he asked the police if they were likely to solve the crime he received a "bureaucratic no".

Lord Glenamara said he "had his suspicions" at the time but in the light of the Peter Wright allegations that rightwing mavericks in MI5 conspired to undermine the Wilson government, he was now convinced the burglaries were their work.

And he said that other leading Labour figures at the time were also burgled including Harold Wilson's principal private secretary Michael Halls, his personal and political secretary Lady Falkender and her brother, Tony Field, who was Wilson's office manager.

Harold Wilson himself was burgled eight times.

Lord Glenamara, 74, said: "On reflection I can no longer put this down to coincidence."

He said there was now an overwhelming need for an inquiry into the allegations surrounding the British secret service.

"I, and many others, await the

Wilson deputy in MI5 claim

Peter Wright book with great interest," he said at his home in Northumbria.

Wright, whose book Spycatcher the government is trying to block, alleges that 30 senior MI5 officers were engaged in a plot to hound out Wilson.

Evidence

Mrs Thatcher has so far refused to hold an inquiry claiming that the matter was investigated at the orders of Callaghan in 1977.

Lord Glenamara, who was made a life peer in 1977, said Mrs Thatcher had a duty to order such an inquiry "when there is evidence of a breach of democracy".

And he said Callaghan should

call for one. "Harold and I are not in a position to do so. But Callaghan is in the right place, the Commons."

● Labour's Tony Benn claimed yesterday that the secret services would be a key factor in the general election because they would be working against Labour and for the Conservatives. He said at Sunderland: "Everybody should be ready for more false and damaging stories about Labour to be circulated during the election campaign."

"They may come from MI5 or MI6 but the intention will be to secure the re-election of Mrs Thatcher, which is why she personally is so determined to protect them from investigation now."

■ Treason, Page 4

"Sunday Today" - Sun 3 May 1983

"The News of the World" - Sun 3 May 1987

Spy plot saga heats up

EX-MI5 man Peter Wright lost a lot of money in his Australian ventures. He badly needed more.

So he wrote a book called *Spycatcher*. Any part of it which is true is treachery.

Wright had sworn never to reveal any secrets. Last Monday the Independent published slices from *Spycatcher*.

The Government wants the Australian courts to suppress the book. That's not because it's all true.

It's because Secret Service officers tempted by money to break their oaths of secrecy must be warned off.

Most of what the Independent published sounded trivial.

Wright says that Cecil King, former chairman of Mirror Newspapers, was a long-serving MI5 agent. According to

Wright, King ran a conspiracy with MI5 to discredit and destroy the Prime Minister, Harold Wilson.

What Cecil King actually did was to publish open attacks in the Mirror on Harold Wilson. So he was sacked by the pro-Labour Mirror board.

Reluctance

Now the usual gang of Labour spy maniacs demand an inquiry into what went on between 1974-76. But there was an inquiry in 1977, which revealed nothing serious. It was ordered by Mr Callaghan, then Prime Minister. So far he hasn't asked for a new inquiry.

Lord Wilson doesn't want one. Mr Anthony Wedgwood Benn and Labour MP Mr Campbell-Savours attack Mrs Thatcher

for her reluctance to hold an inquiry. What's it got to do with her? She wasn't even Leader of the Tories. She wasn't Prime Minister until 1979. The two Labour Prime Ministers of the period had ample time to investigate further, but didn't. I quite believe that Mr Wright wasn't the only barmy person in MI5.

But it would be foolish everlastingly to dig up the Secret Service with inquiries. It would then hardly be secret.

Dr Owen wants politicians to supervise the Secret Service. As politicians leak like sieves, that would be crazy.

However, it might be worth examining the idea that a panel of eminent judges should keep an eye on MI5 and MI6.

We don't want any more traitors like Blunt, Burgess, Philby and MacLean flourishing undiscovered.

MP reveals 'plotters'

AN MP has named five men he says were MI5 officers involved in a plot to bring down former Prime Minister Harold Wilson.

Labour MP Dale Campbell-Savours has signed a Commons Early Day motion asking Mrs Thatcher if the five were disciplined. He identifies them as Tony Brookes, Peter De Westelov, Frederick Otley, 'Fitz' Fletcher and Elizabeth Gordon.

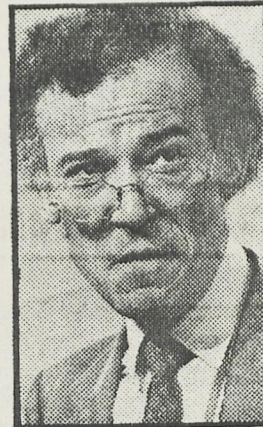
By PETER DOBBIE
Political Correspondent

Campbell-Savours says the group were 'conspirators in the treasonable plot to bring about the downfall of Lord Wilson between February and October, 1974.'

He wants to know what action was taken against them after they were identified to Sir Michael Hanley, then Director-General of MI5.

The accusation follows last week's allegations by former MI5 agent Peter Wright that 30 disaffected MI5 agents plotted to bring down the Wilson administration. Extracts from his book, which the Government is fighting to stop being published, said that agents ran a smear campaign to discredit the Prime Minister and his staff. Last night Mr Campbell-Savours refused to add to his Commons motion.

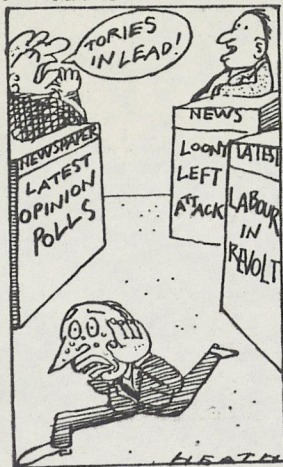
Analysis — Pages 12, 13



NAMES: Campbell-Savours

MODERATES FIGHT TO KEEP WALKER AND BIFFEN IN CABINET

MICHAEL
HEATH



'Shut up!'

Tory struggle to save 'wets'

TORY wets are fighting to prevent Mrs Thatcher dumping Energy Secretary Peter Walker from her Cabinet if she wins the General Election.

Mr Walker and Commons Leader John Biffen are top of the list for the sack in her third-term Government.

The Prime Minister's aides are sounding out ministers and senior MPs over the sackings. She wants only Cabinet ministers whom she regards as 'dry' in the new government.

Mr Walker has sur-

By ALAN COCHRANE
and PETER DOBBIE

stance and lost Mrs Thatcher's support.

Moderates have not given up the fight to keep both in the Cabinet.

They say Mrs Thatcher must keep a balanced Cabinet and that dropping Mr Walker would be disastrous.

Effective

ain's nuclear industry.

Mr Walker may retain a Cabinet place if the Government's majority is much reduced at the election.

The only obstacle to a June poll is a disaster for the Tories in this Thursday's local government elections.

A press advertising campaign starting on Tuesday will boast of their value-for-money record in local government and contrast this with the spendthrift policies of Labour and Alliance councils.

A Mori poll last night

ASTONISHING

I am

From Page One

war. Barbie discloses how the Allied High Command, the Vatican and the Red Cross all conspired to help him escape to South America in 1945.

And other surprising revelations are that:

- Barbie — as Altmann — returned secretly to West Germany, went to the States three times and, in a foolhardy act of bravado, visited Paris in 1971;
- Frenchmen, at every level of society collaborated with the Nazi occupiers;
- Barbie personally interrogated 20 British officers. He claims he did not mistreat them ... although war records now prove that most were executed;
- He confirms that Jean Moulin, the French resistance hero who died in Barbie's custody after 12 days of torture, was betrayed by his own countrymen.

Extermination

But almost as important are the questions he refuses to answer.

There have been accusations that British Intelligence helped to protect Barbie after the war, although they knew his true identity and the full extent of his crimes in Lyon when 4,000 people were executed and a further 7,000 deported — many meeting their deaths in Nazi extermination camps.

But three times, Barbie answers 'no comment' to questions about British or Allied Intelligence or whether they spirited him away in return for information.

Barbie is now a pathetic shadow of the former military machine. Yet, plagued by failing health, death threats, hate mail and scores of bizarre love-letters from women all over Europe, he still inspires respect from prison warders.

Now his fate rests on the outcome of a

"Sunday Express" — Sun 3 May 1987.

KGB has 40,000 Labour 'targets'

from WILLIAM MASSIE in Brussels

NEARLY 40,000 members of the Labour Party in Britain have been logged as current or potential "agents of influence" in the KGB's vast computer complex outside Moscow, according to NATO intelligence sources.

The list—over a tenth of the party's total membership—includes MPs, councillors, activists and trade union members.

Soviet defectors report the list is being kept up to date by a KGB section based at the Soviet Trade Delegation's headquarters in Highgate, north London.

But politicians on the list are the responsibility of specialist officers, who work from the Soviet Embassy under diplomatic cover.

The fact that so many Labour members are listed does NOT mean they are regarded by the Russians as traitors or potential spies.

Few will even be aware that they are on a Moscow computer.

What it DOES mean is that the Russians regard them as generally sympathetic towards Soviet aims and in a position to assist—perhaps unwittingly—in creating a climate favourable to the Kremlin line.

A senior NATO source said the KGB maintained detailed records of all Socialist parties in Western Europe, but the input on Britain's Labour Party was the most comprehensive.

He claimed one of the key reasons why Mrs Thatcher is unwilling to mount an inquiry into the alleged MI5 plot against the Wilson Government is that such an investigation would expose just how much the Security Services know about KGB penetration of Labour.

MI5 Director-General Sir Anthony Duff is aware the KGB has achieved access to a number of Labour constituency membership lists in major cities and towns.

An MP names MI5 'plotters'

FIVE MI5 officers, including a woman, were named last night by a Labour MP as conspirators in a plot to bring down the Wilson Government in 1974.

The aim of the unmasking of the security men was to put pressure on Mrs Thatcher to hold an inquiry.

But the result was the reverse. It immediately became clear that the Prime Minister is now even more determined to resist.

The MI5 agents named by Labour MP Mr Dale Campbell-Savours in a Commons motion are: Tony Brooks, Peter de Wesselow, Frederick Otley, Elizabeth Gordon and "Fitz" Fletcher.

Privilege

Under the protection of Parliamentary privilege which covers such motions and which prevents any action for defamation of character, Mr Campbell-Savours says that the five "have been identified as conspirators in the treasonable plot to bring about the downfall of Lord Wilson of Rievaulx, Prime Minister between February and October 1974."

The most senior of the five named is Tony Brooks, who joined MI6 after a distinguished war career, and served in the Balkans. He transferred to MI5 in the mid-1960s to concentrate on counter-espionage, and was involved in inquiries surrounding Mr Wilson.

When Harold Wilson told in 1977 of an MI5 plot against him, it seemed far-fetched. But, as **DAVID LEIGH** explains, it was not only a plot to topple Wilson from power but an across-the-board conspiracy to undermine the elected Labour Government. Nor did it stop there. Edward Heath, Jeremy Thorpe and even MI5 spies found themselves smeared.

HOW MI5 SET A MANTRAP FOR WILSON

IT WAS Paul Greengrass, a young television producer, who first ferreted out the secret background of the Wilson plot. This electric moment came in 1985 when, on a remote Tasmanian stud-farm, a former assistant director of MI5 unexpectedly started to weep.

Greengrass, retained by the publishers Heinemann to help the elderly Peter Wright compose his memoirs, had been rummaging through piles of unsorted papers when, at the bottom of a pile of horse-feed invoices, he found a personal letter on thin blue sheets.

It was from Sir Michael Hanley, the chief of MI5 when Wilson came to power again in 1974. Buried in the friendly chatter about the holiday plans of Hanley and his wife Lorna, and details about Wright's pension problems, was a single, curious sentence. 'You will be glad to hear,' wrote Hanley, 'that the office has successfully passed its recent examinations and is doing very well.'

Greengrass instantly knew from the date that this must refer to the Prime Minister James Callaghan's inquiry into the complaint by the recently resigned Harold Wilson that MI5 had been out to get him. The *Observer* had first revealed Wilson's fears in July 1977.

Wright had always denied the existence of any 'Wilson plot'. So why on earth was Hanley sending this coded message to a man who had quit MI5 in 1976 and hidden himself in—literally—the uttermost ends of the earth?

Greengrass confronted Wright. To his astonishment, tears began to roll down the elderly spy-hunter's face. The memory had triggered shame—or perhaps relief.

A story began to spill out: its reverberations eventually led to extravagant legal attempts by Mrs Thatcher and the British Government to shut the old man's mouth.

At the last count, five Fleet Street newspapers and a major publisher are under legal gags obtained by the Attorney-General in two continents. The *Observer* still cannot be told the words of the confession by Peter Wright that evening in Tasmania, because we are under injunction after publish-

ing our original disclosures last year.

But the truth has now irrevocably come out—through outspoken backbench MPs; through other ex-intelligence officers; through an Australian judge who revealed crucial details in open court; and—most dramatically—through the 'publish and be damned' decision of the *Independent* last Monday to print key parts of the leaked manuscript.

We have dug out from other sources what we now believe is the true story of the Wilson plot. It is a story that we first embarked on 10 years ago, and in which there are certainly more major revelations to come, particularly when Wright's memoirs are finally published. It is a story that three British Prime Ministers—for their own different reasons—apparently do not want to face.

TWENTY-SIX years ago, in 1961, the right wing of the Labour Party began a dangerous course of trying to use MI5 against those it disliked and suspected on the left wing of the party. MI5 needed little encouragement, having engaged in such activities as far back as 1924 when it circulated the fake 'Zinoviev letter' to scupper Labour's chances at the general election.

A committee under George Brown approached MI5 and asked them to put leftists under surveillance and pass on the results. This put MI5 in a ticklish position. The Labour Party had a distinct war-time residue of fellow-travellers, but the security service's initial reaction was that they were too distant from power, after 10 years of Conservative rule, to be worth bothering about.

Furthermore, they did not want to reveal their existing extensive sources within the party. Tom Driberg, the MP and homosexual, was one regular informant about politics and sexual scandal—no doubt for his own protection.

Cecil King, chairman of the Labour-supporting *Mirror* group, was another; a third was former regular soldier and MP George Wigg. There were undoubtedly others: Christopher Mayhew, a junior Minister, was approached to

spy for MI5, but refused.

MI5 eventually threw George Brown and his friends one tit-bit—Arthur Bax, the Transport House press officer, was taking money from the Czechs, they disclosed. He was quietly made to resign.

With the erosion of Conservative support a couple of years later, in the wake of the Profumo scandal, Labour suddenly came close to power. At its head was Harold Wilson, a left-winger who had succeeded to the leadership on Hugh Gaitskell's sudden death from a mysterious illness in January 1963.

Across the Atlantic, the CIA and its counter-intelligence head, James Angleton, were becoming increasingly transfixed by the revelations of Anatoli Golitsyn, a defector who saw the hand of the KGB in every event.

The CIA also had a history of saving European governments from Communism, whether they liked it or not. Angleton himself had been instrumental in making sure in Rome after the war that the Italian Christian Democrats won the elections.

Security risk

It is known that Peter Wright, MI5's resident 'boffin', soon found himself travelling to Porton Down, the Government's germ warfare research centre, to ask whether it was possible that the right-wing Gaitskell had been poisoned by the KGB. The reasoning—Golitsyn's—was circular: Wilson, a left-winger, had succeeded him, so the KGB must have arranged Gaitskell's demise.

PORTON'S answers were inconclusive. But a file was opened on Wilson and his background researched. To MI5, the new Labour leader's social network seemed incomprehensible and suspicious. He and his political secretary, Marcia Williams (now Lady Falkender), knew a number of businessmen with contacts in Eastern Europe; MI5 didn't like the look of them.

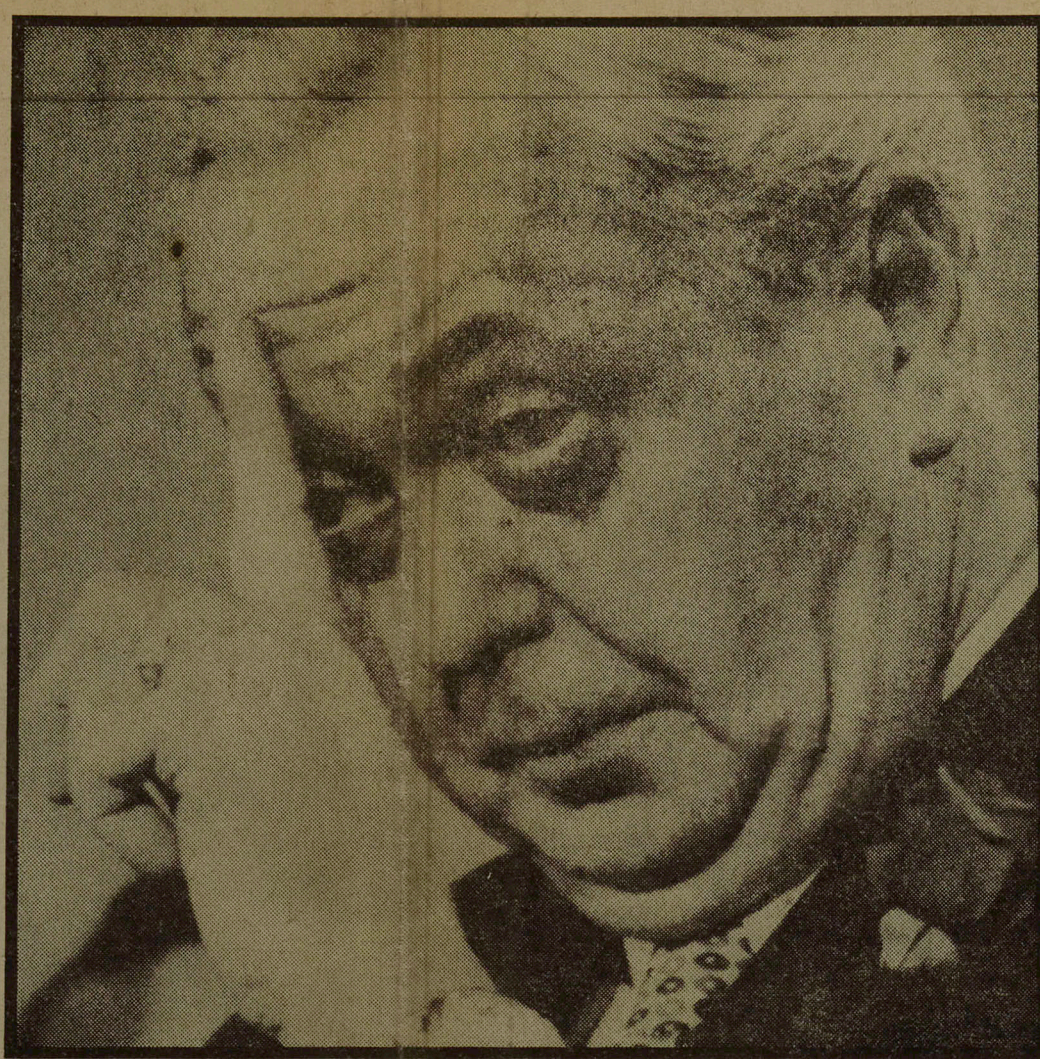
When Wilson had left the Board of Trade in Attlee's government in 1951, he went to work for Montague Meyer, timber importers through the Iron Curtain. Sometimes accompanied by Mrs Williams, he had made 19 trips to the Soviet Union.

This proved nothing in itself. But when Wilson came to power in 1964, he tried, and failed, to appoint a policeman outsider to head MI5, a move that outraged the organisation. He said MPs were not to be targeted without reference to him. At the same time, he used MI5 briefs slavishly when it suited him—to discredit the seamen's union, for example, in the 1966 strike.

MI5 and the Labour Right found themselves in a curious harmony. Both disliked those of Wilson's Ministers who were left-wing.

WHAT followed was nothing less than an MI5 pursuit of Wilson's Ministers by Sir Martin Furnival-Jones, its then head. Whether any of it was justified is hard to say.

In early 1966, Furnival-Jones complained about the situation which had arisen over junior Minister Niall McDermott. As Harold Wilson told it to Richard Crossman: 'Niall has broken with his brilliant doctor wife and fallen in love with a



WILSON: To MI5 the Labour leader's social network seemed incomprehensible and suspicious.

Russian girl in Geneva.'

There was no suggestion McDermott had done anything disloyal, but it was suggested the KGB might try to put the woman under pressure.

McDermott decided to leave politics, but Wilson obscured the departure. He told Crossman: 'Niall's only staying in Parliament another 12 months because he's marrying again.' Crossman recorded in his diary: 'This shows Harold's very amiable tolerance of private life.' McDermott resigned in 1968 for unstated 'personal reasons' and went to Switzerland.

MI5 told Wilson in 1967 that the Labour MP Bernard Floud could not be given a junior Ministerial job without prior interrogation as a possible 'security risk.' His name had been thrown up in the aftermath of Anthony Blunt's secret confessions. After questioning, Floud gassed himself.

In 1968, the left-wing Minister Stephen Swingle was kept out of the Cabinet after Furnival-Jones had told Wilson he was a 'security risk.' What was extraordinary was that Wilson seemed to be equally wary in this matter of both James Callaghan and MI5.

Barbara Castle, in a remarkable passage in her diaries, recalls asking Wilson to promote Swingle: 'The trouble here, Harold said, was security. Stephen has been doing some very stupid things... he would check up on the record again and see how black it was, but Stephen really had been dabbling in Eastern Europe too much. He couldn't risk giving Jim Callaghan, who (as Home Secretary) had access to the security records, a weapon against him by bringing Stephen into the Cabinet if he were in any way a security risk.'

The same year, Cecil King tried to persuade Lord Mountbatten to join an emergency businessman's government which would overthrow Wilson. That King was also evidently reporting his fantasies about coming chaos in the streets to MI5 sheds light on this. He threw his *Mirror* papers against Wilson, demanding his overthrow—a move that led to King's own dethronement by his board.

In 1969, a Czech defector, Josef Frolik, told the CIA that he had heard of many British names, including yet another Labour Minister, who had been compromised. This was the Postmaster-General, John Stonehouse.

Furnival-Jones confronted an exasperated Wilson again. Stonehouse denied it: the charges were unprovable and Stonehouse remained in office, though with diminished prospects. Stonehouse was later jailed for theft after a feigned suicide came unstuck.

Furnival-Jones and his men in the counter-espionage K branch had to be content with arresting and prosecuting an elderly back-bencher, Will Owen, for taking money from the Czechs.

SAYINGS OF THE WEEK

■ People think we do not understand our black and coloured countrymen. But there is a special relationship between us. —Elize Botha, wife of South Africa's President.

■ I think we're returning to a moral view which smells strongly of carbolic. —Dr Alex Comfort, 'Joy of Sex' author.

■ If we strike the wrong kind of deal, we could create the most profound crisis of the Nato alliance in its 40-year history. —Richard Nixon and Dr Henry Kissinger.

■ This hired hand is ready to take over as foreman. —Paul Laxalt, seeking nomination as a US presidential candidate.

■ I'm fascinated by power. Love to watch people get it, use it, then lose it. —Sally Quinn, author.

■ 'Pan Am takes good care of you. Marks and Spencer loves you. Securicor cares. ... At Amstrad: "We want your money." —Alan Sugar.

Wilson: 'Why I lost my faith in MI5'



REVEALED: How *The Observer* broke the Wilson plot story in 1977.

It can be claimed that both Wilson and Heath were under Soviet control. It can also be claimed that Wilson was under Soviet control. It can also be claimed that Wilson was under Soviet control. It can also be claimed that Wilson was under Soviet control.

SMEARED: Wallace's note reads 'Wilson and Heath are under Soviet control ... Wilson has received £60,000 from East German sources.'

in Wright's manuscript—a prominent member of the Heath administration and a right-wing financier.

The collapse of Heath's Government in 1974, and the return to power of Wilson with a wafer-thin majority, was an appalling shock both to the Tory Party and to elements in MI5. The investigation into Joseph Kagan's contacts with the KGB resumed: his businesses were infiltrated. Kagan was ennobled by Wilson and later jailed for theft and false accounting.

According to others involved, Wright was approached again in 1974—as special consultant to Michael Hanley he had the run of the files. This time it was from two colleagues from K branch, with the backing of three or four old counter-espionage officers. They said up to 30 MI5 colleagues had endorsed the scheme.

Neave contacts

They wanted documents from him for their calculated plot to leak damaging material to the media, 'sympathetic trade unionists' and Conservative politicians. The purpose of their plot was to discredit the Labour Government and return the Conservatives to power. There is some evidence that the Conservative MP Airey Neave, who kept up intelligence contacts, was involved, and a number of dissident senior military officers. Neave was later killed by an IRA car bomb at the House of Commons.

Wright was dissuaded by Rothschild from acting against a Prime Minister. Rothschild may well have had reason to be troubled—for smears, rumours, forged documents

and allegations of all kinds now began to circulate at dining-tables and in anonymous notes to *Private Eye*.

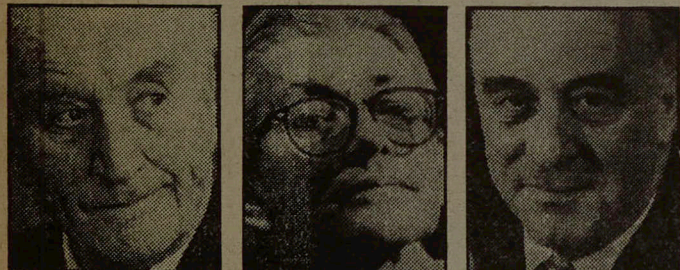
Heath and Rothschild themselves became targets: the Conservative Right wanted new, strong leaders. Whispers then emerged of Wilson's '19 trips to the Soviet Union': there is also documentary evidence that the contents of files on Rothschild started to be leaked.

A Belfast intelligence officer, Colin Wallace, kept dossiers at the time of his disinformation schemes, the originals of which we have seen and subjected to forensic analysis.

In 1974, he wrote: 'It can be shown that both Wilson and Heath are under Soviet control, through Dick Vaygaskas and Lord Rothschild. It can also be shown that Wilson has received approx. £60,000 from East German sources for campaign funds, and that he has a friend in the Soviet government.'

No one but MI5 knew about Vaygaskas—he had been Kagan's KGB would-be 'controller.' And nobody but MI5 knew that Rothschild was vulnerable to a false charge of being the 'Fourth Man,' because of the long friendship of himself and his wife with Anthony Blunt, who had not yet been publicly exposed.

Heath was ousted from the Tory leadership in 1975, after a right-wing campaign in which Airey Neave was prominent. Wilson resigned suddenly in 1976, with a burning sense of grievance against MI5. As events turned out, the immediate beneficiary of these events was James Callaghan. The ultimate beneficiary was Margaret Thatcher.

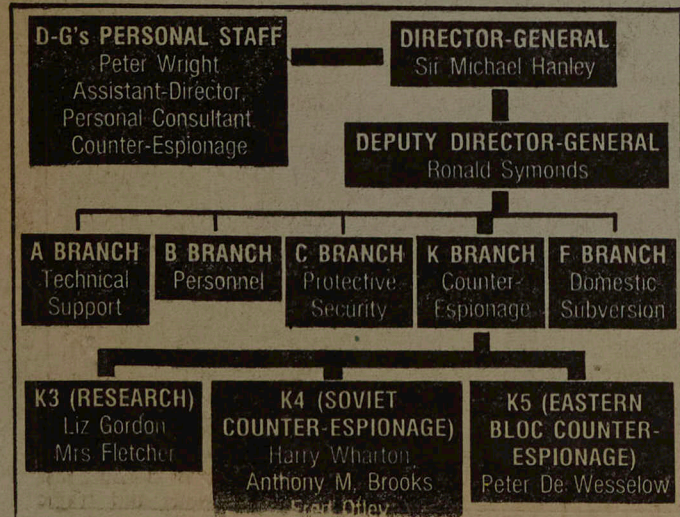


SPIES: From left, Peter Wright, in tears as he confessed; James Angleton, CIA man out to get Wilson; Victor Rothschild, a target.



LABOUR LINKS: From left, Tom Driberg, gave MI5 sexual gossip; Joseph Kagan, linked to KGB; Hugh Gaitskell, was his death murder?

WHO'S WHO IN MI5 IN 1974



VICTORIA WINE OF THE MONTH



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Charge forward Taureans and buy bottles of Cotes du Roussillon from Victoria Wine. Because all we're charging this month is £2.49.

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Colleagues rely on you to make a firm decision, so take the bull by the horns and go for Cotes du Roussillon.

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ROYAL COURTS OF JUSTICE

LONDON, WC2A 2LL

HOME SECRETARY

PETER WRIGHT CASE

As you and colleagues will know, the Attorney General was granted leave by the Divisional Court on 29 April to bring proceedings for contempt of court against the Independent and two other newspapers which on 27 April published extensive articles on the contents of the Wright manuscript. We have now heard that two Australian newspapers, the Canberra Times and The Age, carried articles on 29 April reprinted from the Independent and the Canberra Times also ran an article purporting to give further details of Wright's allegations. The question now is what, if anything, we do about the two Australian newspapers.

Our Australian Counsel have advised us that to take no action in Australia would be detrimental to the conduct of our appeal before the New South Wales Court of Appeal. I believe we would be open to criticism there if we failed to act.

It is open to us to bring contempt proceedings ourselves as an aggrieved party but, since in New South Wales the Court can initiate such proceedings of its own motion, Counsel's firm preference is for us first to report the matter to the Registrar of the Court of Appeal for the Court to decide whether it wants to act of its own motion. If the Court acts, the matter is taken out of our hands. If the Court declines to act, then I believe we should bring proceedings of our own, Counsel's advice being that there is no relevant distinction in substantive law terms between the law in England and the law in New South Wales

As with the English proceedings, the possibility of losing exists, but the taking of proceedings will certainly demonstrate the seriousness with which we view the Peter Wright case. I think it very important that we do not, by the

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One Minute
is *Agree to proceed*
as the Solicitor proposes,
subject to the agreement of
other Ministers? *N.H.W.*
1-5

CONFIDENTIAL



omission of any step that we may reasonably take, contribute any ground upon which the New South Wales Court of Appeal, or the High Court of Australia, might ultimately decide our case against us.

Since the decision as to what action to take in Australia is a collective one for Ministers, I would be grateful to know whether you and colleagues agree with my advice above.

I am copying this to the Prime Minister, the other members of OD(DIS), the Lord Advocate and Sir Robert Armstrong.

Patrick Nagler

1 May 1987

CONFIDENTIAL





M.L. SAUNDERS
LEGAL SECRETARY

LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

cc B. U. P.

7

N Wicks Esq. CBE.
Private Secretary to the
Prime Minister
Prime Minister's Office
10 Downing Street
London SW1

SECRET

Prime Minister

Very helpful

an inquiry against an

enquiry. RTA can

1 May 1987

made some of these points to
Sir James. Agree? —

Dear Nigel,

POSSIBLE INQUIRY INTO ALLEGATIONS AGAINST THE SECURITY SERVICE

very good - indeed concluding

Following the Prime Minister's Meeting yesterday evening, the Solicitor General has sought the advice of our Australian lawyers on the consequences for the Peter Wright case of establishing any inquiry. I am enclosing a copy of a note of a telephone conversation between the Treasury Solicitor and Theo Simos QC.

I am copying this letter and its enclosure to the Private Secretaries to the Lord President, the Foreign Secretary and the Home Secretary, and to Sir Robert Armstrong, Sir Brian Cubbon, Sir Anthony Duff and Sir Percy Cradock.

Yours sincerely,
Richard Samuel

SECRET

Note of telephone conversation between The Treasury Solicitor and Theo Simos QC on
1 May 1987

1. Mr Bailey outlined to Mr Simos that for the purposes of contingency planning only the Government were looking at a number of options including the holding of a limited inquiry into the allegations contained in Chapter 18 of the Wright Book. Mr Bailey said that if such an inquiry were to be held it would be necessary for the inquiry to have access to the manuscript or at least part of it.
2. Mr Simos advised that the manuscript could not be used without our making application to the Court. It would be necessary to tell the Court the nature of the inquiry and its remit. If Mr Wright and the publishers did not consent to the application the Court would be likely to refuse. He said that we only had the book because of the litigation. The book is the property of Mr Wright and the publishers and they can do with it as they wish. We are only entitled to use the book for the purposes of the trial. It should be borne in mind that if we chose to use the extracts from "The Independent" we would be authenticating the fact that the extracts quoted were in fact extracts from the manuscript.
3. Whilst it would be odd for the Defendants to refuse consent to our application they might take the view that an inquiry now would report quickly which would have an adverse effect on sales, their case and potentially their Client's credibility. Even under the strictest requirements of secrecy the manuscript would have a wider currency. Mr Simos was confident that the Court would not give permission over the objection of the Defendants.

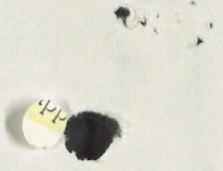
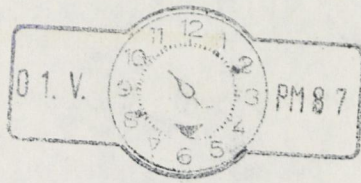
SECRET

4. Mr Bailey asked Mr Simos what effect such an application would have on our appeal to the Court of Appeal of New South Wales. Mr Simos advised that whilst it would have no direct effect on the legality of the situation it just might colour the approach of the Court. By our application we would be saying to the Court in effect that whilst we do not want the Defendants to publish the manuscript we want to use it. Mr Simos did not think that this would help us. A further downside would be that we would be dignifying those parts of the book which we wished to use and would be making a rod for our own backs on the question of public interest. This is very important. The Defendants can use the fact that the British Government considers the allegations sufficiently important to have an inquiry as a good argument in support of their contention that it is in the public interest that they should be allowed to publish. Whilst this argument is not correct in law it is superficially attractive and therefore such an application to use the manuscript would not be to our advantage.

JBB

1.5.87

SECRET





HOUSE OF COMMONS
LONDON SW1A 0AA

PERSONAL & URGENT.

1.5.87

R 2/5

Jean Marie Ronsbo,

It occurs to me that you may find
the attached papers of some topical interest.

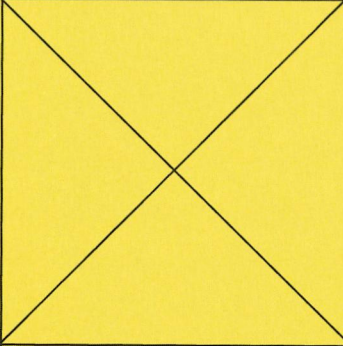
Unfortunately, I do not seem to be able
to lay my hands on Callaghan's reply to my letter
of July 2, 1978. But you will of course recall
that he still refused to re-open any enquiry
into the Stonehouse affair.

Yours sincerely,

Cranley Onslow.

Rt.Hon. Mrs. Margaret Thatcher, MP,
10, Downing Street,
London SW1.

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DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>2506</i> (one piece/item number)	Date and sign
Extract details: <i>letter dated 7 June 1978</i>	
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RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>22/9/2023</i> <i>Wayland</i>
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10 DOWNING STREET

THE PRIME MINISTER

28 June 1978

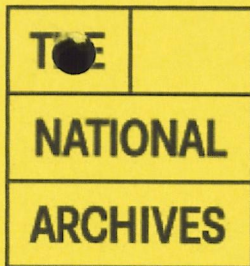
Dear Mr. Onslow,

Thank you for your letter of 7 June about the allegations that John Stonehouse was a Czechoslovak agent.

I am satisfied that the statement which Sir Harold Wilson made in December 1974 was made in good faith and was based on advice given in good faith on the basis of all the information available at that time. Since I received your letter I think you may know that I have been informed of a very recent interview with Josef Frolik and that the record of this is to be made available to me. I should prefer to study this before deciding whether there are grounds for further investigation and, if so, what form this should take.

*Yours sincerely
Jim Callaghan*

Cranley Onslow, Esq., MP.



DEPARTMENT/SERIES REM 19	Date and sign
PIECE/ITEM 2506 (one piece/item number)	
Extract details: Letter dated 2 July 1978	
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pa Sean G. J. H.

PRIME MINISTER

POINTS

The Sunday Times has an opinion poll out this week-end.

In the meantime, I understand that the Church of England is being its usual helpful self.

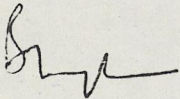
Archbishop Runcie, according to the Sunday Times, is backing the TUC campaign in support of the public services, and had to this end invited the TUC Neddy 6 to Lambeth Palace. Michael Jones says the Archbishop probably does not appreciate the kind of political stuff the TUC is putting out in support of the campaign.

The Bishop of Manchester has been sounding off about further trade union legislation. He argues that it will further divide a country already divided in terms of health and wealth.

The Hands Across Britain demonstration against unemployment on Sunday will start with a church service in Liverpool.

On a slightly more interesting note, we have managed to cool things down on Mi5, though no doubt the conspiracy theory will come to full flower in the Sundays. I told the Sunday Lobby that we expected as much and were quite relaxed. There wasn't however going to be an inquiry.

I subsequently found the attached interesting contribution on the subject by Roy Mason MP, printed so far as I can see only in the Glasgow Herald.



B Ingham
May 1, 1987.

Forget MI5, Mason tells back benchers

By GEOFFREY PARKHOUSE
Political Editor

FORMER Labour Cabinet Minister Mr Roy Mason last night hit out at his back bench colleagues for spending valuable parliamentary and media time on "the red herrings of spy stories and such like" which do not win votes.

Mr Mason, Defence Secretary in the last Labour Government and privy to some Secret Service knowledge, appeared to be voicing the views of both Lord Wilson and Sir James Callaghan — who made no move yesterday to demand an inquiry into MI5 activities after he had been briefed by the Prime Minister's staff at No. 10.

Mr Mason, who also served as Northern Ireland Secretary, claims

that Labour must concentrate on preserving the health service, pensions, and trade unions.

"The Wright revelations are about happenings 14 years ago. Well, the MI5 dirty tricks brigade failed, didn't they? That is if they seriously tried. Where was the destabilisation? They never troubled us, upset us, destabilised us or managed to shift any of us.

"In retrospect they have been made to look politically naive and foolish. I doubt if any steps to establish an inquiry into their destabilising doings will be taken before a General Election, but I suppose, to satisfy Parliament's general desire and the media's curiosity, it will be done eventually."

Mr Mason concludes: "So let the

Labour Party deal with spy mania in due time — meanwhile, forget it and get on with fighting the Tories on the bread-and-butter issues that are immediately affecting our people."

Mr Mason was reacting to his own party's demands in the Commons that the Government should not prosecute newspapers for contempt in revealing extracts of the book *Spycatcher*, by ex-MI5 agent Peter Wright, which the Government is trying to suppress both here and in Australia. Mrs Thatcher claimed that she is not responsible for events that may have taken place before she took office and she does not regard another inquiry as proper.

Mr Wright alleges that 30 MI5 officers sought to destabilise the Wilson Government and claims that the former Prime Minister was bugged by

electronic devices planted in No. 10 Downing Street. In the Commons Labour MPs have claimed that Mrs Thatcher should set up an inquiry on the ground that if Mr Wright is correct the British Secret Service was indulging in acts of sedition which threatened the democratic process.

Sir James Callaghan held an inquiry when he followed Lord Wilson as Prime Minister and this did not indicate that his predecessor had been bugged by the Secret Service. On Tuesday evening Sir James phoned No. 10 to seek guidance about the matter and received it. Since then he has made no move to demand a new inquiry. Nor has Lord Wilson, on holiday at his home in the Scilly Islands.

Mr Mason last night appeared to be reflecting the views of his former

Cabinet colleagues which carry additional authority in his position as a Privy Councillor who is not standing again for Parliament at the next election.

Liberal leader David Steel told a Westminster news conference yesterday that the issue involved in the Wright affair is not his indiscretion in writing a book about his experience as a MI5 agent but whether his allegations of treachery in the Secret Service are true.

● The Attorney-General, Sir Michael Havers, was given permission by the High Court in London yesterday to bring contempt of court proceedings against three newspapers and their editors who published details from Mr Wright's book.

GLASGOW HERALD

THURSDAY APRIL 30, 1987

File



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

SLHAIL
cc: Ho (Sir B. Cribb),
LPO (+ Private Office)
Fco
LAD
Sir A. Duff
Co
Sir P. Coadock
1 May 1987

Dear Sir James,

Thank you for your letter of 30 April concerning the allegations about the Security Service.

You said on 23 August 1977 that you had made detailed enquiries into the recent allegations before you reached the conclusions you then announced.

You will recall that those allegations, including those mentioned by Peter Blaker in his speech in the House on 28 July 1977, ranged very widely. I have had this confirmed from an analysis of the contemporary newspapers.

You sent Sir Robert Armstrong to let me know in advance how you proposed to respond to the allegations. I accepted without question the course you adopted and the conclusions you reached.

Just as you sent Sir Robert Armstrong to tell me how you were dealing with the 1977 allegations, I would like to send him to give you a private account of how matters now stand.

I, too, believe that it is important to avoid any undermining of the morale, and effectiveness, of those who are now serving in these vital services.

- Yours sincerely
Margaret Thatcher

The Rt. Hon. Sir James Callaghan, K.G., M.P.

285

DSG

File



10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

1 May 1987

Dear Brian,

Many thanks to you, and to the other recipients of this letter, for their help today with the letter for Sir James Callaghan.

The Prime Minister has now signed a reply broadly on the lines of the draft I circulated earlier today, and I enclose a copy of her letter.

We are arranging to deliver the letter to Sir James at his London address this evening.

I am sending copies of this letter and its enclosure to Stephen Boys Smith (Home Secretary's Office), Mike Eland (Lord President's Office), Tony Galsworthy (Foreign and Commonwealth Office), Michael Saunders (Law Officers Department), Sir Antony Duff, Sir Percy Cradock and to Trevor Woolley (Cabinet Office). Please could everyone note that the letter to Sir James has been classified "Personal and Confidential", and treat its circulation within Departments accordingly.

Yours sincerely

Nigel Wicks

N. L. Wicks

Sir Brian Cubbon, G.C.B.,
Home Office.

DSG

CONFIDENTIAL



10 DOWNING STREET

LONDON SW1A 2AA

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Dear Brian.

Thank you for your letter of this morning, which I have shown the Prime Minister. She has suggested some drafting changes, as well as some omissions to the text you proposed. I now attach her version which takes account of these changes.

The Prime Minister will wish to reflect further on the draft in the light of any comments of recipients of this letter.

Please would you let me have comments by 1530 hours today.

I am copying this letter to the ~~Mike Eland~~ (Lord President's Office), Tony Galsworthy (Foreign and Commonwealth Office), ~~Michael~~ Saunders (Law Officers' Department), ~~Sir Antony Duff~~, Sir Percy Cradock and ~~Trevor Woolley~~ (Cabinet Office).

N. L. Wicks.

N. L. WICKS

*45 - Nigel's earlier note
be later.*

Sir Brian Cubbon, G.C.B.,
Home Office

SG content says Iglese.

CONFIDENTIAL

CONFIDENTIAL

DRAFT LETTER FROM THE PRIME MINISTER TO THE RT. HON. SIR JAMES
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Like you, I do not intend to do anything to undermine the
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all owe so much.

SLHAIL

CONFIDENTIAL

CONFIDENTIAL



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N. L. Wicks

N. L. WICKS

Sir Brian Cubbon, G.C.B.,
Home Office

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SLHAIL

CONFIDENTIAL

DRAFT LETTER TO THE RT. HON. SIR JAMES
CALLAGHAN, KG, MP, FROM THE PRIME MINISTER

You have been in touch with my office about the suggestions that there should be a further inquiry into the allegations concerning the Security Service in 1975-76.

I deplore strongly, as I am sure you do, what seems to be a sustained attack on the Security Service, based largely on unsubstantiated allegations. The only beneficiaries of this campaign are those who wish to undermine the freedom which it is the task of the men and women of the security and intelligence services to defend.

Regarding the stories about what the Security Service did or did not do in relation to Harold Wilson between 1974 and 1976, you yourself made a statement on 23 August 1977 about the allegations then current. An examination of those allegations makes it clear that there is in substance little that is new in what is being published now: today's stories are for the most part recognisably the same, sometimes embroidered and distorted, as those which were circulating then. As you know, I should not and do not wish to see papers relating to these matters. That does not mean that nothing has been done in relation to the allegations now current. Nevertheless, I am assured there has been an investigation in minute detail into all the papers of that time, and the allegations

which are new have also been thoroughly examined. As a result I am advised by those whose duty it is to advise Ministers on these matters - the Director General of the Security Service, the Permanent Secretary at the Home Office, and the Secretary of the Cabinet - that there is no ground whatever for thinking that the Security Service were involved in the kind of conspiracies that were alleged. I accept that advice, as I am sure you would do. It follows that it would be quite irresponsible to institute an inquiry merely in response to pressure of the kind we have been witnessing.

I should be entirely content for you to come in and read the papers on which the advice which I have been given is based, should you wish to do so.

010.
CONFIDENTIAL

CC T. Woolley



per

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

SIR BRIAN CUBBON GCB
PERMANENT UNDER-SECRETARY OF STATE

1 May 1987

Dear Nigel

Here is a draft letter to Sir James Callaghan on the lines indicated at the Prime Minister's meeting last evening. I am copying it only to Tony Duff at this stage.

You and he may have immediate comments. If you like, I could then send copies to the Offices of those at last night's meeting.

You said that you would arrange for a summary to be prepared of the allegations current in 1977.

You are getting in touch with Robert Armstrong. Tony Duff is preparing the first draft of the brief for Robert's proposed call on Sir James Callaghan.

I ought to leave London by 1.45 pm today for an outside engagement. I can be reached easily by telephone; I will have the papers; I shall only be an hour from London. Please do not hesitate to let me know by lunchtime if you would like me to abort my plans.

Yours ever
Brian

N L Wicks Esq CBE

CONFIDENTIAL

CONFIDENTIAL

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RT HON SIR JAMES CALLAGHAN KG MP

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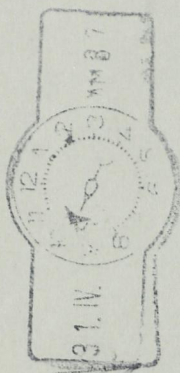
I have a list of the allegations which were current at
that time. They ranged very widely. They included
those mentioned by Peter Blaker in his speech in the
House on 28 July 1977 as well as newspaper articles.

[The present Director General has of course examined the
present wave of allegations, which appear largely to
reflect stories current in 1977 to which your statement
was directed.] Just as you sent Robert Armstrong to
tell me how you were dealing with the 1977 allegations,
I would like to send him to give you a private account
of how matters now stand.

CONFIDENTIAL

Like you, I do not intend to do anything to undermine the morale of the Security Service, to whom we both owe so much.

[You will have seen Harold Wilson's firm statement on 29 April that he was sure that the Security Service had not been engaged in any attempt to undermine him as Prime Minister.]



CONFIDENTIAL 010



SIR BRIAN CUBBON GCB
PERMANENT UNDER-SECRETARY OF STATE

pa.
HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

1 May 1987

Dear Nigel

Here is a draft letter to Sir James Callaghan on the lines indicated at the Prime Minister's meeting last evening.

I am sending a copy to the Private Secretaries to the Lord President, the Foreign and Commonwealth Secretary, the Solicitor General, [redacted] Percy Cradock and Trevor Woolley.

Yours ever
Brian

THIS IS A COPY. THE ORIGINAL IS
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N L Wicks Esq CBE

CONFIDENTIAL

DRAFT LETTER FROM THE PRIME MINISTER TO THE
RT HON SIR JAMES CALLAGHAN KG MP

Thank you for your letter of 30 April about the
allegations about the Security Service.

You said on 23 August 1977 that you had made detailed
enquiries into the recent allegations before you
reached the conclusion you then announced.

will recall that these allegations ranged very widely. Indeed, I have had
You sent Robert Armstrong to let me know in advance how
you proposed to respond to the allegations. I accepted
without question the course you adopted and the
conclusions you reached.

You will recall that these allegations ranged very widely. Indeed, I have had this confirmed from an analysis of the contemporary newspapers, and periodicals
~~I have a list of the allegations which were current at~~
~~that time. They ranged very widely.~~ They included
those mentioned by Peter Blaker in his speech in the
House on 28 July 1977 as well as ^{those in the} newspaper articles.

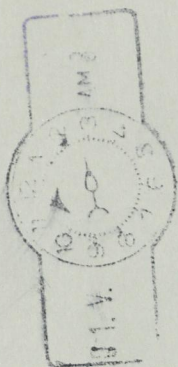
The present Director General has of course examined the
present wave of allegations, which appear largely to
reflect stories current in 1977 to which your statement
was directed. Just as you sent Robert Armstrong to
tell me how you were dealing with the 1977 allegations,
I would like to send him to give you a private account
of how matters now stand.

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Like you, I do not intend to do anything to undermine
the morale ^{and effectiveness} of the Security Service, to whom we ^{all} ~~both~~ owe
so much.

(You will have seen that according to the Times of
30 April, Harold Wilson has made a firm statement that
he was sure that the Security Service had not been
engaged in any attempt to undermine him as Prime
Minister. }

CONFIDENTIAL



Forget MI5, Mason tells back benchers

By GEOFFREY PARKHOUSE
Political Editor

FORMER Labour Cabinet Minister Mr Roy Mason last night hit out at his back bench colleagues for spending valuable parliamentary and media time on "the red herrings of spy stories and such like" which do not win votes.

Mr Mason, Defence Secretary in the last Labour Government and privy to some Secret Service knowledge, appeared to be voicing the views of both Lord Wilson and Sir James Callaghan — who made no move yesterday to demand an inquiry into MI5 activities after he had been briefed by the Prime Minister's staff at No. 10.

Mr Mason, who also served as Northern Ireland Secretary, claims

that Labour must concentrate on preserving the health service, pensions, and trade unions.

"The Wright revelations are about happenings 14 years ago. Well, the MI5 dirty tricks brigade failed, didn't they? That is if they seriously tried. Where was the destabilisation? They never troubled us, upset us, destabilised us or managed to shift any of us.

"In retrospect they have been made to look politically naive and foolish. I doubt if any steps to establish an inquiry into their destabilising doings will be taken before a General Election, but I suppose, to satisfy Parliament's general desire and the media's curiosity, it will be done eventually."

Mr Mason concludes: "So let the

Labour Party deal with spy mania in due time — meanwhile, forget it and get on with fighting the Tories on the bread-and-butter issues that are immediately affecting our people."

Mr Mason was reacting to his own party's demands in the Commons that the Government should not prosecute newspapers for contempt in revealing extracts of the book *Spycatcher*, by ex-MI5 agent Peter Wright, which the Government is trying to suppress both here and in Australia. Mrs Thatcher claimed that she is not responsible for events that may have taken place before she took office and she does not regard another inquiry as proper.

Mr Wright alleges that 30 MI5 officers sought to destabilise the Wilson Government and claims that the former Prime Minister was bugged by

electronic devices planted in No. 10 Downing Street. In the Commons Labour MPs have claimed that Mrs Thatcher should set up an inquiry on the ground that if Mr Wright is correct the British Secret Service was indulging in acts of sedition which threatened the democratic process.

Sir James Callaghan held an inquiry when he followed Lord Wilson as Prime Minister and this did not indicate that his predecessor had been bugged by the Secret Service. On Tuesday evening Sir James phoned No. 10 to seek guidance about the matter and received it. Since then he has made no move to demand a new inquiry. Nor has Lord Wilson, on holiday at his home in the Scilly Islands.

Mr Mason last night appeared to be reflecting the views of his former

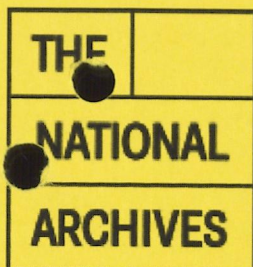
Cabinet colleagues which carry additional authority in his position as a Privy Councillor who is not standing again for Parliament at the next election.

Liberal leader David Steel told a Westminster news conference yesterday that the issue involved in the Wright affair is not his indiscretion in writing a book about his experience as a MI5 agent but whether his allegations of treachery in the Secret Service are true.

● The Attorney-General, Sir Michael Havers, was given permission by the High Court in London yesterday to bring contempt of court proceedings against three newspapers and their editors who published details from Mr Wright's book.

GLASGOW HERALD

THURSDAY APRIL 30, 1987



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See by PM

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(5)

cc: Sir Percy Cradock

PRIME MINISTER

ALLEGATIONS CONCERNING THE SECURITY SERVICE

Some thoughts before tonight's meeting.

As I see it there are only two courses:

We stay put, refusing calls for inquiries.

We agree to some form of inquiry by someone outside the Government service.

Robert Armstrong has dictated from Sardinia the draft of a reply to Sir James Callaghan drawing on last evening's draft. This is attached. But I don't think this half-way house is viable. The approach in the letter drafted last night, invoking the authority of the Director General, the Permanent Under Secretary, Home Office and Secretary to the Cabinet, might have satisfied Sir James Callaghan (though his letter makes that look doubtful). But it will not meet the current situation.

Staying Put

This is much the better option if it can be sustained. Its main disadvantage is that it would continue to expose the Security Service to constant sniping, innuendo and slur. For various reasons, present Ministers are unable, and past Ministers unwilling, to stand up for the Service. We know that the Director General is concerned both about the campaign and Ministers' inability to stand up for the Service. Continuation of the campaign of vilification will in time erode the Service's effectiveness.

Another disadvantage is that staying put seems to put the Government on the defensive in an area where it has no reason to be defensive at all.

SECRET

Some Form of Inquiry

If the outcome of an enquiry was as we expect, it would "clear" the Security Service, and would be an important step in raising morale and maintaining the Service's effectiveness. It should put a stop, at least for the time being, to the constant drip drip criticism of the Service. But an inquiry has disadvantages.

The main disadvantage, and it is a big one, is that an announcement of an inquiry would look like a retreat, and weakness, and victory for a press campaign against the Service and the Government. We could meet this to some extent by emphasising that the inquiry had been established at the request of the Director General himself and its aim was to preserve the Service's effectiveness. But, however inventive our presentation, there would inevitably be headlines of the sort "Thatcher Retreat".

There will be those who will be dissatisfied with the form of the inquiry, alleging that it is a cover-up of insiders by insiders. Today's Guardian leader on which see Bernard's note below calls for an inquiry "assisted by senior Privy Councillors from each major political party". In other words, an inquiry on the lines envisaged, even if run by an eminent Judge, will not satisfy many of those who are running the story now.

Moreover, if an inquiry is conceded here, there will certainly be demands for more inquiries on other alleged "security scandals".

The final disadvantage of an inquiry is that, despite the assurances already given by Sir Brian, Sir Robert and Sir Antony, we cannot be sure that it will not turn up something awkward.

Reference to the DPP

We need to consider the relationship of any enquiry to any DPP (police) investigation.

The Attorney has still outstanding the decision whether to refer any of the matters in the Wright book, including presumably the allegations relating to Mr. Wilson's administration, to the DPP. How would the inquiry relate to any DPP activity? Would immunity from prosecution need to be given to people interviewed? This would effectively prevent DPP action. Would evidence given voluntarily to the inquiry be available to the DPP? This would make people interviewed very wary of saying anything, even if they had done nothing wrong. The Solicitor General will need to advise.

Clearly, the disadvantages of an inquiry are considerable. We need to avoid one, if at all possible. But the crucial issue is the effectiveness of the Security Service. The Director General's views are critical. Even if he favours some form of inquiry (and preliminary indications from the Home Office suggest that he does), you need to ensure that colleagues are well aware of the difficulties, described above, of the path on which we would be venturing.

N.L.W.

N. L. WICKS

30 April 1987

010
Draft of 30 April

DRAFT LETTER TO SIR JAMES CALLAGHAN KG

WITH NEW
Thank you for your letter of 29 April.

I have of course been considering whether there should be an inquiry into the recently published allegations concerning the Security Service in relation to Harold Wilson's Administration in 1974-76.

The allegations recently published are largely a reflection of those which were current at the time when you made your inquiries and your statement in August 1977.

I should not, and do not wish to, see the papers myself, but I asked that there should be a thorough investigation into the documents relating to that time, taking account of the new allegations and of the material given currency in the press on 27 April. I am advised by those whose duty it is to advise Ministers on these matters - the Director General of the Security Service, the Permanent Secretary, Home Office and the Secretary of the Cabinet - that the investigation and certain other

inquiries it has been possible to make have yielded nothing that calls in question the conclusions you reached and announced after your detailed inquiries in 1977.

I accept that advice, as I am sure you would do.

In the light of that advice I have come to the conclusion that I should not be justified in setting up an inquiry. The Security Service is damaged enough by the recent publicity; an inquiry would make it seem as if I have reason to believe that the allegations are better founded than I think they are and would thus further undermine confidence in it. Moreover, such an inquiry would divert the management of the Security Service from its proper tasks, and so damage its effectiveness in those tasks. I do not believe that it would be right or justifiable to impose all this on the Security Service without better reason than I have to think that an inquiry is called for.

Mr. Wicks

per New

28/7 Below are notes of what Bernard told the Lobby at 11am this morning. All the questions were about the MI5 allegations and the fact that Callaghan had been in contact with No 10 yesterday.

Callaghan had telephoned NO 10 yesterday afternoon inquiring what No10 was saying in view of what he was hearing from the Press. Bernard emphasised there was no truth whatsoever in the Guardian allegations this morning.

We said that he had spoken to the PM's Private Office. Other than saying Callaghan was inquiring about NO 10's line we refused to go into any exchanges that took place over the telephone.

You have to take your cue from what the PM said in exchnages in the House yesterday afternoon that when she thought it was proper she did make statements. Bernard made the point several times that when the PM thought it nmecessary to make a statement she had done so.

We were not aware whether Callagfhan thought there should be an inquiry. He had not spoken to the PM and we were not aware of any letter he had written recently to her.

Asked whether she was not making a statement because of the coiurt cases we replied that there was no connection. She has made statements when she thought it was necessary. She saw no reason to do so now.

Asked about why not make a statement on MI5 when she had done so on Blunt we said that she would be making statements all the time if allegations were made about evcery Tom Dick or Harry.

Repeated that the Prime Minister in 1977

We said that the PM had no plans to hold an inquiry. We were not able to say whether or not she was in discussing with the secret services.

Asked whether she would hold an inquiry if Callaghan called for omne, we replied that this was hypothetical.

for Terry Perks.

pa
Sun 25 PM
PERSONAL AND CONFIDENTIAL

MR WICKS

Prime Minister

SECURITY SERVICES

Before we go any further down this time consuming MI5 road, and the media's pursuit of an inquiry, I think all those concerned should read the attached leader in today's Guardian.

This illustrates the likely futility of any inquiry which might conceivably be set up.

The Guardian leader shows beyond peradventure that **any** inquiry is doomed before it begins to eventual dismissal as a whitewash and as an exercise in the Establishment looking after the Establishment. After all, the Security Commission, in the Guardian's eyes, is part of the problem because of its members' background.

Any action to restore morale needs to be seen against this background.

Current thinking, as I understand it, is riddled with self delusion. I consider that a far more effective remedy would be for the secret services (who have, after all, largely got themselves into this mess) publicly to shut up and secretly to grit their teeth, pull themselves together and get on with it.

I write minutes like this when I think people are in danger of doing the wrong thing.

B Ingham

B Ingham
April 30, 1987

PERSONAL AND CONFIDENTIAL

30/4/87

The kind of inquiry we need

Sooner or later there is going to be an inquiry into the allegations of an MI5 plot against the Wilson Governments. If Sir James Callaghan decides to force the issue, it may be set up sooner. If he does not, it may have to wait for the end of the Government's appeal in the Wright case or simply for the General Election to be got out of the way. But happen it will, one day. But what kind of inquiry ought it to be? This question deserves acute and immediate attention from all those who are calling for one. For, if and when the Government does concede an inquiry, it is absolutely vital that it should be equal to the seriousness of the task. There are appropriate forms of inquiry and there are inappropriate forms. If the pressure on the Government to concede becomes politically overwhelming, the Government will come under increasing countervailing pressure from the secret world and Whitehall to limit the effectiveness and scope of any probe which it commissions. That countervailing pressure must be resisted. That can best be done by ensuring now that those who are making the demand for an inquiry are clear and united about precisely what they are after.

In the first place, they must be clear that an inquiry by the Security Commission simply will not do. The commission's seven members are honourable men, but they suffer from two overwhelming handicaps. First, they are all insiders. They are appointed by Whitehall to provide a strictly limited measure of retrospective oversight. They are drawn from the judiciary, the military and the civil service. They are, potentially, part of the problem, not its solution. Second, the inquiry will have to range over a period in which the commission itself was supposed to have been exercising some restraining influence. Part of the justification for the setting up of the commission in 1964 was that it would provide continuity. If the present allegations are true, it has provided continuity of ineffectiveness.

The inquiry must therefore be a special inquiry. Its form must satisfy a number of vital criteria. First, it must be headed by someone who is familiar with the secret world but who is sufficiently independent and commands sufficiently wide public respect to give the inquiry instant credibility. Whether that person is a judge, a civil servant or a professor, retired or serving, does not particularly matter. What does matter is that the person is clean — and seen to be clean. He or she must be someone who will not take no for an answer, who will not let the inquiry secretariat take refuge in weasel words, who must — if necessary — be prepared to resign rather than compromise the investigation. Second, he or she must be assisted by senior privy councillors from each major political party — former Home Secretaries or Foreign Secretaries perhaps. It is essential that the political world is properly represented, for these are the democratically elected leaders whose power is challenged by what is alleged. Third, there must also be a place for at least one real insider — someone with no skeletons to hide — who knows what questions to ask. Finally, they must be serviced by a secretariat which itself is free from compromising professional associations with the secret world through the Cabinet, Home or Foreign Offices. In a sense, therefore, the outline model should be the 1982 Franks Committee on the Falklands. But it must be better than that. It must be the best ever — because it will perhaps be the most important ever.

The scope, powers and terms of the inquiry are no less important. There must be no limit whatever to its powers to call for witnesses, papers and records of all forms. Its proceedings, of necessity, will have to take place in private. One may earnestly wish it otherwise, but the inquiry will be dealing with a compulsively secret culture. It is frankly inconceivable that the truth will come out in public. But it must be made clear at the outset that the inquiry will have a bias towards the fullest possible publication of its findings. Individual witnesses must be protected — but the truth must be supreme. That in turn is a reason why the terms of reference of the inquiry must be widely drawn. They must allow investigation not only of the direct charges of the anti-Wilson conspiracy. They must allow the inquiry to penetrate and reconsider the basic operational assumptions of the secret world — to see which

sorts of people it suspects and why and how. And they must allow the inquiry to examine the system of accountability and to propose reforms. For if there is one thing that must eventually follow from the inquiry it is reform.

SECRET

COPY NO 1.. OF 2..

MR WICKS

30 April 1987

POSSIBLE INQUIRY INTO ALLEGATIONS AGAINST
THE SECURITY SERVICE

1. Mr Callaghan's demand for an inquiry presents us with stark choices. There is no longer room for the kind of middle position that was canvassed yesterday - a statement that official investigations have been made and that on the assurance of Sir Robert Armstrong, Sir Brian Cubbon and Sir Anthony Duff there is nothing to worry about. I personally feel that even in the circumstances of yesterday that was an undesirable line: it would concede the need for some sort of investigation; the assessors would not be seen as impartial; and the pressure for a full dress inquiry would become irresistible. But in today's circumstances it is certainly inappropriate.

2. The choice is now between (a) immediate assent to a formal inquiry and (b) continued refusal. Course (a) might still the clamour for the moment; it would avoid charges of an attempted cover-up; it would gain some time since the judge, to whom presumably the work would be entrusted, would be unlikely to report for many months; and the issue would be overtaken by others, particularly in the event of an election. At the end of the day the inquiry would very probably produce a clean bill of health.

3. As against this, course (a) would be seen as a political setback for the Prime Minister. We could argue that refusal hitherto was based on the Callaghan inquiry and when Mr Callaghan said there was additional material we naturally changed our line. The change could also be dressed up by a request from Sir Anthony Duff for an inquiry to clear the

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name of the service, but, however presented, it could be seen as a defeat, coming at a delicate time.

4. An inquiry by its very existence might also be seen as placing a question mark over the loyalty of the Security Service and possibly SIS. It would be a major diversion of energy and time from the proper tasks of the intelligence services. It would probably also have to be wide in scope in order to deal with all the current allegations against the Security Service and would have to exhume familiar skeletons as well as dig for new ones. Moreover, however wide its range, it would never satisfy the critics: it would be attacked as whitewash and new allegations would pop up in the press to justify charges of inadequacy - just as today's titbits are used to argue the inadequacy of the Callaghan inquiry.

5. We should also, whatever our protestations that this was a unique case, have established a precedent whereby an inquiry could be reasonably demanded on publication of almost any new smear or charge against the intelligence services. In our efforts to defend them against critics we would have further reduced the secrecy they need for their work.

6. I am also uncertain how the institution of an inquiry would accord with our pending appeal in the Wright case. We shall need legal advice on this aspect.

7. Course (b) has the great merit of consistency. The events claimed all took place long ago under another Government. Mr Callaghan's second thoughts do not alter this. A refusal despite his request would be final and press interest should wane.

2
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SECRET

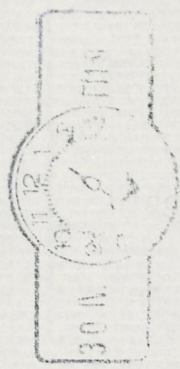
8. As you will see, my instinct is against granting an inquiry. But in fairness I have to add that Sir Anthony Duff, whose service is directly affected, tells me he would favour a closed inquiry provided the terms of reference could be sufficiently narrow. He feels that this would be justified by the uniquely serious nature of the charges against the Security Service, in effect treason. He accepts that there could be disadvantages in an inquiry but, from the point of view of the Security Service, considers that the balance is in favour of holding one.

6

PERCY CRADOCK

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CONFIDENTIAL

SECRET



10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

30 April 1987

Dear Stephen,

I attach a copy of the letter which Sir James Callaghan sent the Prime Minister this morning. You will see from the short covering note which he sent me that he has not released it to the Press "and shall not do so at the moment".

bpf

I should be grateful if you, in consultation with the Cabinet Office and the Law Officers' Department in particular, could consider the terms of the Prime Minister's reply to this letter. But I suggest that you delay submitting any draft reply until discussions about the matters raised in Sir James's letter have been considered further. I am fairly sure that the Prime Minister will wish to reply in robust terms to Sir James's letter. She has already commented that the first paragraph of his letter misrepresents what she has said in Parliament, and that letters such as his serve only to undermine the morale and effectiveness of the Security Service. I think that these points should, in some way or another, be reflected in the draft of the reply submitted to her.

I am copying this letter to Mike Eland (Lord President's Office), Tony Galsworthy (Foreign and Commonwealth Office), Michael Saunders (Law Officers' Department), Trevor Woolley (Cabinet Office), Sir Brian Cubbon and Sir Antony Duff.

Yours truly
Nigel Wicks

N. L. Wicks

Stephen Boys Smith, Esq.,
Home Office.

CONFIDENTIAL

DA



HOUSE OF COMMONS
LONDON SW1A 0AA

30 April 1987

Dear Nigel

This is the letter that we discussed on the telephone this morning. I have not released it to the Press and shall not do so at the moment.

James Callaghan

Jim C.
James Callaghan

Mr Nigel Wicks
10 Downing Street
LONDON SW1



HOUSE OF COMMONS

LONDON SW1A 0AA

01- 219 4166

From:

The Rt. Hon. James Callaghan, M.P.

30 April 1987

Dear Mr. Wright,

In support of your refusal to consider an inquiry into the allegations made by Mr Peter Wright, you have stated that the inquiry undertaken during my Administration in 1977 into the allegations current at that time is sufficient to dispose of his charges.

I have not seen Mr Wright's book and am relying on the various accounts that have appeared in the newspapers. If these are correct, I must draw your attention to what I said on 22 March last, namely, that the present allegations traverse wider ground than was investigated in 1977. Moreover, they seem to be better authenticated and to contain detail which was not made available at that time.

For this reason it is not possible to argue that these matters have been disposed of and I am sure your Private Secretary will have already conveyed to you my view that further investigation is required. I now write to put this formally on record.

An inquiry could dispose in one way or the other of the allegations and rumours that are circulating and so ensure long-term public confidence in the integrity of the security services. It should be undertaken in a manner that would avoid any undermining of the morale of those who are now serving in these vital services.

continued/..

2

I am sending herewith a copy of what I said on these matters on 22 March as this still represents my view. May I call your attention to my proposal that there is a need for an independent body to review the oversight, structure, targeting and management of the security service and suggest that this could be an important task for any inquiry which investigated Mr Wright's allegations.

Yours sincerely

James Callaghan

James Callaghan

The Rt Hon Margaret Thatcher MP
The Prime Minister
10 Downing Street
LONDON SW1

Sunday 22 March 1987

The material in the Sunday Times goes further than my enquiries in 1977. These were based on the stories published at the time by the Observer newspaper. I asked then that anyone with further information should bring it to the attention of the Home Secretary but none was forthcoming. I have not seen Mr Wright's book and do not know its contents but it seems to be the source of the new Sunday Times material. It would be wise for the Government to withdraw its ineffective ban on publication. I am, of course, ready to inform the Prime Minister on all aspects of the 1977 inquiry if she wishes to consult me before the Government decides to hold a further inquiry. I have every confidence in the integrity and ability of the present Director General of the security service and it is with no disrespect to him or to his colleagues that I came to the conclusion some time ago that there is a need for an independent body to review the oversight, structure, targeting and management of the service. For the time being I shall have no further comment to make.

James Callaghan
22 March 1987



HOUSE OF COMMONS
LONDON SW1A 0AA

pa.

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LONDON SW1



HOUSE OF COMMONS

LONDON SW1A 0AA

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22 March 1987



The kind of inquiry we need

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In the first place, they must be clear that an inquiry by the Security Commission simply will not do. The commission's seven members are honourable men, but they suffer from two overwhelming handicaps. First, they are all insiders. They are appointed by Whitehall to provide a strictly limited measure of retrospective oversight. They are drawn from the judiciary, the military and the civil service. They are, potentially, part of the problem, not its solution. Second, the inquiry will have to range over a period in which the commission itself was supposed to have been exercising some restraining influence. Part of the justification for the setting up of the commission in 1964 was that it would provide continuity. If the present allegations are true, it has provided continuity of ineffectiveness.

The inquiry must therefore be a special inquiry. Its form must satisfy a number of vital criteria. First, it must be headed by someone who is familiar with the secret world but who is sufficiently independent and commands sufficiently wide public respect to give the inquiry instant credibility. Whether that person is a judge, a civil servant or a professor, retired or serving, does not particularly matter. What does matter is that the person is clean — and seen to be clean. He or she must be someone who will not take no for an answer, who will not let the inquiry secretariat take refuge in weasel words, who must — if necessary — be prepared to resign rather than compromise the investigation. Second, he or she must be assisted by senior privy councillors from each major political party — former Home Secretaries or Foreign Secretaries perhaps. It is essential that the political world is properly represented, for these are the democratically elected leaders whose power is challenged by what is alleged. Third, there must also be a place for at least one real insider — someone with no skeletons to hide — who knows what questions to ask. Finally, they must be serviced by a secretariat which itself is free from compromising professional associations with the secret world through the Cabinet, Home or Foreign Offices. In a sense, therefore, the outline model should be the 1982 Franks Committee on the Falklands. But it must be better than that. It must be the best ever — because it will perhaps be the most important ever.

The scope, powers and terms of the inquiry are no less important. There must be no limit whatever to its powers to call for witnesses, papers and records of all forms. Its proceedings, of necessity, will have to take place in private. One may earnestly wish it otherwise, but the inquiry will be dealing with a compulsively secret culture. It is frankly inconceivable that the truth will come out in public. But it must be made clear at the outset that the inquiry will have a bias towards the fullest possible publication of its findings. Individual witnesses must be protected — but the truth must be supreme. That in turn is a reason why the terms of reference of the inquiry must be widely drawn. They must allow investigation not only of the direct charges of the anti-Wilson conspiracy. They must allow the inquiry to penetrate and reconsider the basic operational assumptions of the secret world — to see which

sorts of people it suspects and why and how. And they must allow the inquiry to examine the system of accountability and to propose reforms. For if there is one thing that must eventually follow from the inquiry it is reform.

The politics of security

The new security measures which Mr Tom King is expected to announce to the House of Commons next week during the debate on Northern Ireland can only be a palliative. If that 18-year-old truism is recognised from the beginning the debate will be more productive. At present palliatives are both necessary and possible. For the past five weeks the IRA has allowed itself a free hand, not so much in the murder of Lord Justice Gibson, which was a highly skilful and technically demanding operation, but in the almost day-to-day attacks on targets previously regarded as soft.

To saturate the Province with troops is not an answer. Nor can the RUC be left to carry out what are known as "covert offensive operations," which are every bit as ugly as they sound but which have in the past, when professionally undertaken, resulted in the capture of armed men on a mission. It will not therefore be surprising if the SAS is called out of enforced inactivity at Hereford. Already, and planned before the present phase of the IRA offensive, the army is hardening its surveillance posts near the border with the Republic, but now it has to make good the gaps which operations in one part of the Province leave elsewhere. For example, the killing of two police reservists in what would be regarded as the safest place in the north, the Protestant holiday resort of Portrush, came about because an army unit which had intercepted routes into the town had been redeployed. It took the IRA, with an intelligence organisation of its own, only a short time to capitalise on that gap.

Yet without a change of policy by the representatives of the majority in the Province no amount of extra surveillance can be other than an interim gesture. At present the Unionist leaders are still in the most serious disarray. Their boycott of the Commons has marginalised it from all political debate about the Province. They do not know who is going to succeed Mr

James Molyneux. They have put together a "task force" to find an alternative to the negative sermonising about denial of democratic rights, which has been their only response to the Anglo-Irish agreement. When the task force reports in a few weeks it is essential that it should not only give Unionism the firm direction it has lacked but that the direction should be realistic. There are too few signs so far that it will be anything like realistic enough.

The axiom of Northern Ireland politics is that security cannot be achieved without the active and welcome participation of the Roman Catholic community in the day-to-day running of the Province. That was true at Sunningdale and is true now. The Irish Republic has an IRA problem about which it can afford to be ruthless because the Government speaks on behalf of the whole state. That could be equally true in the north if the Unionists would raise their sights a little. They have raised them somewhat in the past few weeks. There is at least talk of ending the boycott when the election is over. The Unionist MPs should be welcomed back into the Commons next week and made to feel that they have a part in the next stage of political development in the north. They feel beleaguered, even though the beleaguering is their own doing. But if Britain is to help with security they have to help with the politics on which security depends.

Who runs the Tigers?

To the all too real sounds of bombs and machine-guns in Sri Lanka must now be added the metaphorical crackle of burning boats. President Jayawardene this week invited a group of foreign correspondents to his residence and proceeded to blame politicians in India for stoking up Tamil terrorism in his riven island state. He went so far as to accuse Mr Ramachandran, the Sri Lankan-born chief minister of the southern Indian state of Tamil Nadu where 50 million Tamils live, of running the Sri Lankan Tamil Tigers as his private army. "I am saying that deliberately, knowing you will publish it, knowing India will see it."

The Indian Prime Minister, Mr Gandhi, has gone far beyond the mere call of duty in trying to mediate between the two communities, even if it is in his political inter-

est to do so because of Tamil Nadu concern. For a while he was forced to abandon the attempt and only recently took it up again. To be repaid by a tirade from Mr Jayawardene, even if the President did go out of his way to exonerate him, seems scant reward for Mr Gandhi's efforts and no encouragement at all to continue them in a rapidly worsening atmosphere of hatred and violence. Mediation entails compromise, which means each side gets less than it wants. This is fair enough and the only hope for a peaceful solution in the Sri Lankan context, but for the people of Tamil Nadu their cousins over the water are in the right and the Sinhalese majority in the wrong, a fact which puts support for Mr Gandhi's Congress Party at risk.

One of the many difficulties in the way of a settlement is that both governments are pursuing inherently self-contradictory policies. It is clear that the terrorists depend for arms on their sympathisers in India, even if Mr Jayawardene may be going too far in accusing the Tamil Nadu authorities and even Indian Intelligence of involvement, yet although India is committed to stopping the bloodshed it does not seem to be doing much towards cutting off supplies. Mr Jayawardene is similarly at odds with himself when he expresses his belief in a military solution in almost the same breath as he insists on a political settlement — and refuses to negotiate with Tiger leaders unless they give up their campaign and their weapons.

The Tamil minority's separatist offensive has already cost 5,000 lives in four years. There are indications that the Sri Lankan forces are preparing for a new assault on the terrorist bases in the north and east of the island, perhaps on an unprecedented scale. On past experience the casualties among civilians could be high, which means more bitterness and more support for the Tigers — another vicious twist in the spiral of violence, another step towards civil war. Unless the Sinhalese decide one day on an unthinkable policy of genocide, everybody already knows that the only road to a final solution is a truce followed by honest negotiation. Mr Jayawardene is not so well off for boats that he can afford to burn any; Mr Gandhi would be best advised to carry on mediating, which is far too important to be abandoned because of a frustrated outburst by an 81-year-old at the end of his tether.

LETTERS TO THE EDITOR

Junking the mail menace

Sir, — Your "closer look at the scene" (19 April 1987) was a welcome contribution to the debate on the mail menace.

Britain in the lead

Sir, — It is incorrect to say, as your medical colleague (19 April 1987) did, that Britain is in the lead in the fight against the mail menace.

The 'tactical vote' sore that Labour could cauterise

Sir, — This is a rum business. Our friend Eric (19 April 1987) showed in a Labour administration, showing by this behaviour a greater loyalty to their

flute the credibility — and votes cast — for the SDP. The SDP's leaders have to be

Sir, — The opponents of tactical voting in the Labour Party either do not really

coordinate anti-Thatcher tactical voting. I described tactical voting

I believe Labour should declare now for electoral reform to establish its democratic credentials. I should like to see the

Passed to Richard Streat

at 10.30pm

on 30/4

N.C.W.

20/4



10 DOWNING STREET

Tony Benn to Lord Chancellor.

"What action are you taking in your official capacity as Lord Chancellor, to investigate the allegation made by Mr P. Wright, a former MI5 officer, in his book, that an attempt was made by British Security Services to assassinate President Nasser of Egypt, at the time of the Suez war in 1956, when you yourself were 1st Lord of the Admiralty in the Eden government. "

Draft.

Not issued

N.L.U

29.X4



With Compliments

The Rt. Hon. Sir Peter Blaker, KCMG MP

HOUSE OF COMMONS
LONDON, SW1A 0AA



HOUSE OF COMMONS
LONDON SW1A 0AA

In his statement of 23rd August 1977 Mr Callaghan said this:

"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 10 Downing Street or in the Prime Minister's room in the House of Commons".

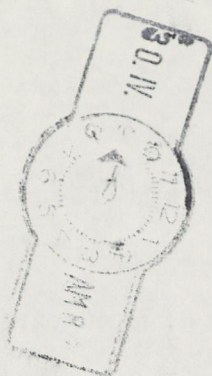
What were "the recent allegations referred to? They must have surely been those reported in the press of the preceding month which I summarised in a speech in the House of Commons on 28th July 1977 (col.1210). These allegations were made principally by Lord Wilson of Rievaulx and were very wide ranging. Lord Wilson was reported as saying that MI5 was both incompetent and politically biased against himself, his entourage and Labour Ministers; that MI5 had been confused about the identity of a number of key people against whom it made allegations; that the Head of MI5 confirmed the existence within his service of a disaffected faction with extreme Right-wing views, and of a faction sympathetic to the South African and Rhodesian authorities; that MI5 was saying that he (Lord Wilson) was tied up with the Communists; that for the last eight months when he was Prime Minister he was not certain that he knew what was happening fully in security. Only one of the allegations concerned "bugging" of No.10 Downing Street and the Prime Minister's office at the House of Commons.

In short, Lord Wilson made the sort of allegation which Peter Wright, it seems, has repeated in his book.

The Opposition is now saying that the enquiries made in 1977 concerned only the allegation of "bugging" and are calling for an inquiry into the wider allegations.

That is not the impression given by the first paragraph of Mr Callaghan's statement, which refers to "the recent allegations" generally, and with which Lord Wilson associated himself.

But if it is true that the enquiries made in 1977 concerned "bugging" only, were not Labour Ministers at that time extremely incompetent, naive or negligent, or all three?



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10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

SIR ROBERT ARMSTRONG

The Prime Minister held a meeting this evening to discuss the draft letter to Sir James Callaghan attached to your minute of today. The Lord President, Home Secretary, Solicitor General and Sir Brian Cubbon and yourself were present.

After discussion, it was agreed that we should reflect overnight on the further draft of a letter to Sir James Callaghan which is attached.

It was agreed that before any letter is despatched, the Home Office should: telephone Mr. Harry Wharton to confirm his account of the events and to warn him that the press might ask him whether he had been contacted before the statement had been made; speak to Sir Michael Hanley again about the allegations;

Any letter to Sir James Callaghan should be despatched before the Prime Minister answered Questions tomorrow. He would need to be warned that the Prime Minister would use words in the House, if asked about this matter, on the lines

"I have written to the Right Honourable Gentleman, the Member for Cardiff South and Penarth, to say that I am advised that the result of further investigations is to confirm the conclusions which he reached and announced following his detailed inquiries in 1977."

I should be grateful to have any comments on the draft attached, on the draft form of words above for supplementary answers as well as Home Office confirmation that the action outlined above has been taken with satisfactory results.

I am sending a copy of this minute and enclosure to the Private Secretaries to the Lord President, Home Secretary, the Legal Secretary (Law Officers' Department), and to Sir Brian Cubbon and Sir Antony Duff.

N. L. W.

N. L. WICKS

29 April 1987

LB

DRAFT LETTER FROM THE PRIME MINISTER TO
THE RT. HON. SIR JAMES CALLAGHAN K.G., M.P.

You have been in touch with my office about the allegations concerning the Security Service in relation to Harold Wilson and his administration between 1974 and 1976.

You made a statement on 23 August 1977 about the allegations then current. The present wave of allegations appears largely to reflect stories current at the time, to which your statement was directed.

As you know, I should not, and do not wish to, see papers relating to that time, but I am assured that all the documents relevant to the time in question have been investigated in great detail, taking account of such allegations as are new and of the material given currency in the press on 27 April.

I am advised by those whose duty it is to advise Ministers on these matters - the Director General of the Security Service, the Permanent Under Secretary of State, Home Office, and the Secretary of the Cabinet - that these investigations and other inquiries which it has been possible to make confirm the conclusions which you reached and announced following your detailed inquiries in 1977.

I accept their advice, as I am sure you would do.

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10 DOWNING STREET

LONDON SW1A 2AA

*From the Principal Private Secretary*SIR ROBERT ARMSTRONG

The Prime Minister held a meeting this evening to discuss the draft letter to Sir James Callaghan attached to your minute of today. The Lord President, Home Secretary, Solicitor General and Sir Brian Cubbon and yourself were present.

After discussion, it was agreed that we should reflect overnight on the further draft of a letter to Sir James Callaghan which is attached.

It was agreed that before any letter is despatched, the Home Office should: telephone Mr. Harry Wharton to confirm his account of the events and to warn him that the press might ask him whether he had been contacted before the statement had been made; speak to Sir Michael Hanley again about the allegations; and if his health allowed, contact Mr. Tony Brooks to obtain his account of the allegations and to warn him that he might be contacted by the press.

Any letter to Sir James Callaghan should be despatched before the Prime Minister answered Questions tomorrow. He would need to be warned that the Prime Minister would use words in the House, if asked about this matter, on the lines

"I have written to the Right Honourable Gentleman, the Member for Cardiff South and Penarth, to say that I am advised that the result of further investigations is to confirm the conclusions which he reached and announced following his detailed inquiries in 1977."

I should be grateful to have any comments on the draft attached, on the draft form of words above for supplementary answers as well as Home Office confirmation that the action outlined above has been taken with satisfactory results.

I am sending a copy of this minute and enclosure to the Private Secretaries to the Lord President, Home Secretary, the Legal Secretary (Law Officers' Department), and to Sir Brian Cubbon and Sir Antony Duff.

N. L. W.

N. L. WICKS

29 April 1987

PREM 19/2506

29/4/87

Ref. A087/1206

MR WICKS

— I now attach a revised draft of the letter to Sir James Callaghan, an earlier draft of which we discussed with the Prime Minister yesterday evening.

2. The draft has now been agreed with Sir Brian Cubbon, Sir Antony Duff, the Treasury Solicitor and the Legal Secretary to the Law Officers. It is being shown to the Home Secretary and the Attorney General, and we should know very shortly whether they are content with the draft.

3. It is now a very carefully worded document, and I doubt whether we should want to "broker" it with Sir James Callaghan. If, however, the Prime Minister thinks that it would be useful to do so, you could perhaps take the signed letter round yourself, hand it to him, but indicate that if it would be helpful to him that there should be minor changes in it, you would be prepared to see if the Prime Minister would consider them.

I am sending copies of this minute and the draft to the Private Secretaries to the Lord President and the Home Secretary, and the Attorney General.



ROBERT ARMSTRONG

29 April 1987

DFT LETTER TO RT HON SIR JAMES CALLAGHAN FROM PM

You have been in touch with my office about the suggestions that there should be an inquiry into the allegations about what the Security Service did or did not do in relation to Harold Wilson between 1974 and 1976.

You made a statement on 23 August 1977 about the allegations then current. As you know, I should not, and do not wish to, see papers relating to that time, but the present wave of allegations appears largely to reflect stories current at the time, to which your statement was directed.

I am assured that all the papers relevant to the time in question have been investigated in minute detail, taking account of such allegations as are clearly new and of the material given currency by The Independent on 27 April.

*Conrad
Same Title*

Inquiries are not yet quite complete, but I am advised by those whose duty it is to advise Ministers on these matters - the Director General of the Security Service, the Permanent Under

Secretary of State, Home Office, and the Secretary of the Cabinet - that there is nothing so far which would lead them to believe that members of the Security Service were involved in conspiracies to undermine Harold Wilson's Government. I accept that advice, as I am sure you would do. I have concluded that it would be unjustified and irresponsible for me to institute an inquiry merely in response to speculation of the kind we have been witnessing.

If you would find it helpful to come in at this stage and read the papers on which the advice I have been given is based, I should be entirely content for you to do so; and of course I would let you know if the final report from the investigation were to suggest any different conclusion.

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NOTE FOR THE RECORD

ALLEGATIONS CONCERNING THE SECURITY SERVICE AND
LORD WILSON'S ADMINISTRATION

This note records my four conversations with Sir James Callaghan.

After Questions (about 1615) Sir James Callaghan telephoned to say that a lobby journalist (who from later conversations seemed to be Mr. Henke of the Guardian) had told him that the Prime Minister's line was that she was not opposed to an inquiry into the allegations about MI5 but it was up to him to call for one. I told him that was not the Prime Minister's line and that the No. 10 Press Office were not putting it out. He observed that no doubt the Lobby were trying to create a story by feeding him something on the basis that he would react.

Sir James went on to say he was under increasing pressure to ask for an inquiry. He did not really care whether there was one or not. It was up to the Prime Minister to decide. Mr. Roy Jenkins had told him about that afternoon's exchanges in the House of Commons. He would get cross if the Prime Minister was sheltering behind what he had said in 1977. More allegations were now coming out than he had known then. He would not become a shelter for the Prime Minister. He did not want to make things more difficult. He would be glad to see her if necessary. He repeated that he did not want to push for an inquiry but was not willing to act as her shelter.

When I reported this to the Prime Minister, she said that she was not going to be drawn by the press to do something which was neither reasonable nor necessary. An inquiry would undermine the Security Service. Sir James Callaghan should rest on his old statements.

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- 2 -

I telephoned Sir James with this. He replied that he thought that the Security Service was already being undermined and said that he had the benefit of some conversations recently with members of the Security Service. He repeated that he was coming round to favour an inquiry. In 1977 he had not begun to think that there was an organised faction of 30 officers involved as was now alleged. He had certainly not looked into any such allegations; so there was something new to examine. But he was more concerned with the future of the Service and would welcome a talk with the Prime Minister. He believed that an inquiry would help restore public confidence in the Service. I replied that I did not think the public confidence had been undermined. He conceded that might have meant the confidence of the "chattering classes". He had thought Roy Jenkins, to whom he had spoken, would be following the matter up. He would reflect overnight about issuing a statement on the basis that such a statement would restore public confidence.

Later in the evening, following consultations with Sir Robert Armstrong, the Prime Minister agreed to consider writing to Sir James Callaghan in the terms of a letter which Sir Robert would produce. On the Prime Minister's instructions I telephoned Sir James to say that the Prime Minister would wish too to reflect overnight and asked that he should stay any statement until I had been in touch. He readily agreed. Later in the evening I telephoned about a report in "The Independent" concerning his telephone call to No. 10. He said that he was even more inclined towards some form of inquiry.

This morning (29 April) Sir James telephoned to say that the Lobby journalist had told him that Bernard Ingham said in the Lobby that the Prime Minister was against an inquiry even if Sir James asked for one. I said that I had been intending to ring him when I had a note from the Press Office on what Bernard Ingham had said. Shortly thereafter, I telephoned

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- 3 -

with the salient points of the Lobby Briefing on the point raised by Sir James. I said that Bernard Ingham had told the Lobby that such a question was hypothetical.

N.L.W.

N. L. WICKS

29 April 1987

COSAIR



10 DOWNING STREET
LONDON SW1A 2AA

From the Press Secretary

29 April 1987

Deo Chini,

I mentioned to you this morning The Independent's (inaccurate) reference to my Lobby briefing on the MI5 business yesterday.

You will see that the report says "But Bernard Ingham, Mrs Thatcher's Press Officer, again told Parliamentary Lobby reporters, non-attributably, at Westminster last night that the 1977 inquiry had covered all allegations. The implication was that it covered allegations of a more deep seated plot."

It is not clear to me whether this results from a briefing of The Independent by a member of the Lobby who attended my briefing, since the information is inaccurate; or whether it is merely the inaccurate consequence of a previously noted propensity in some quarters to combine heroic deduction with a rather childish urge to score points.

I have in fact more to do than complain of inaccurate accounts of what I am supposed to have said, and I would not have written to you were there not, as I understand it, wider evidence of deliberate briefing in defiance of the Lobby's rules following my 4pm Lobby yesterday. You and your Committee may wish to consider this.

Yours sincerely
Bernard Ingham

BERNARD INGHAM

Chris Moncrieff Esq

NLW

GRS 75

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PETPER WRIGHT CASE

1. THE 29 APRIL EDITIONS OF THE ''CANBERRA TIMES'' AND ''THE AGE'' CARRY EXTENSIVE ARTICLES ON THE CASE, REPRINTED FROM ''THE INDEPENDENT''.
2. THE ''CANBERRA TIMES'' ALSO HAS AN ARTICLE (COPY BY FAX TO BATTHISCOMBE, PUSD) PURPORTING TO GIVE FURTHER DETAILS OF WRIGHT'S ALLEGATIONS.

LEAHY

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PETER WRIGHT CASE
LIMITED

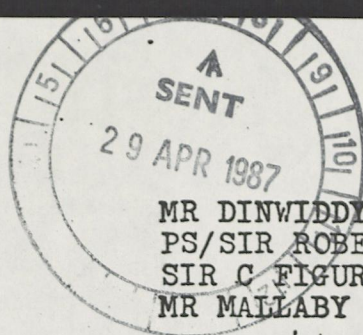
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MR GILLMORE

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1. *MTA to me*

2. *Prime Minister*

PETPER WRIGHT CASE

The law officers are considering what to do. It is unclear whether there has been a contempt of court in Australia

1. THE 29 APRIL EDITIONS OF THE "CANBERRA TIMES" AND "THE AGE" CARRY EXTENSIVE ARTICLES ON THE CASE, REPRINTED FROM "THE INDEPENDENT".

N.C.U

2. THE "CANBERRA TIMES" ALSO HAS AN ARTICLE (COPY BY FAX TO BATTONSCOMB, PUSD) PURPORTING TO GIVE FURTHER DETAILS OF WRIGHT'S ALLEGATIONS.

29.4

LEAHY

MT

YYYY
CEHPAN 0073

NNNN

Ref. A087/1186

MR WICKS

I attach a copy of a letter which I have received from the Director General of the Security Service about the need for a "ringing declaration" denouncing the campaign of unsubstantiated allegations about the Security Service and reasserting the Government's confidence in it.

2. I have discussed this letter with the Director General and the Permanent Secretary, Home Office.

3. I said that the Prime Minister's answer to a Parliamentary Question about Mr Graham Mitchell on 13 March had restated her confidence in the Service's skill, efficiency and loyalty, though that had gone almost unrecorded by the press, no doubt because it was not what they wanted to hear. I said that she was constrained in commenting on anything that was included in or arose out of Peter Wright's book by the continuing proceedings in Australia, and would therefore not want to go beyond what she had said in the House during the hearing of the proceedings at first instance. Sir Antony Duff said that there were plenty of other unsubstantiated allegations around which were unconnected with Peter Wright's book, which could if necessary be the starting point for a comment. I said that if there were to be any statement, it would be important to choose the time for it to best advantage.

4. Sir Antony Duff reiterated that morale in the Service was not affected, but that they were, as he said, "hurt and angry", and he feared that, if the allegations continued, effectiveness would eventually be affected. But I think that he accepted that this was not a good time for a major speech, which would really have to be made outside Parliament.

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5. But it is possible that the Prime Minister may have an opportunity, in answers to supplementary questions, to say something brief but trenchant on the subject. I attach a cockshy of the sort of thing I have in mind.

ReA

ROBERT ARMSTRONG

28 April 1987

DRAFT SUPPLEMENTARY ANSWER ON SECURITY SERVICE

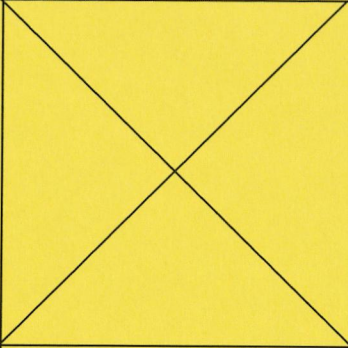
Mr Speaker, I have repeatedly made it clear that I will not be drawn into commenting on every passing story that appears in the media about security and intelligence matters. Nor would it be proper for me to comment on allegations said to be contained in Mr Peter Wright's book or matters arising therefrom while proceedings are at issue in this country and in Australia.

This, however, I will say. There is a small group of so-called investigative journalists, aided and abetted by a handful of honourable Members opposite, who compete with each other to trail across the columns of the press a steady succession of totally unsubstantiated allegations about the security and intelligence services and present them as if they were verified fact. I can only speculate about their motives, but I am sure that the ordinary readers have quite rightly developed a healthy scepticism about them and their stories.

|| Let me assure the House once again that the security and intelligence services have vital, if

necessarily unsung, tasks to perform in the defence of our freedom; and that my Right Hon Friends and I are, and the whole House and the country should be, profoundly grateful for the skill, efficiency and loyalty with which they perform them.

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cc OD(DIS):

Ld. Pres.
for. Sec.
Home Sec.
Def. Sec.
Att. Gen.



BM.

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

"INSIDE INTELLIGENCE" BY ANTHONY CAVENDISH AND
"BREAK-IN" BY BILL GRAHAM
(OD(DIS)(87)30)

The Prime Minister has seen this paper which outlines the action that officials plan or have in hand in respect of these two books.

She agrees that officials should proceed as suggested in the two notes.

I am sending a copy of this minute to the Private Secretaries to the members of OD(DIS) and to Mr. Nicholls in the Cabinet Office).

N. L. W.

(N.L. WICKS)
28 April 1987

BM

1
PRIME MINISTER

THE PETER WRIGHT BOOK

The Attorney General has been considering, during the afternoon, whether to advise Ministers to institute civil proceedings for an injunction to restrain further publication of the Wright material in today's Independent, or new material.

He advises against this. He believes that civil proceedings would not add anything more in the way of a deterrent to the criminal action against the three newspapers which he is already taking in the courts.

N.L.W

ms

(N.L. WICKS)

27 April 1987

*One Minute**pa*

Ref. A087/1177

MR ~~WICKS~~

We have learnt on good authority that Mr Peter Jenkins proposes to publish in tomorrow morning's Independent (subject to clearance with his lawyers) a story containing three allegations about the Security Service and Lord Wilson of Rievaulx:

1. That the Security Service thought, before Mr Wilson became Prime Minister, that he was or might be a Soviet agent and investigated this possibility.
 2. That the Security Service was suspicious of the hold which Lady Falkender appeared to have over Lord Wilson, and investigated that.
 3. That the Security Service thought that, during Mr Wilson's second Prime Ministership (1974-1976) Mr Wilson and Lady Falkender had leaked information to the Israelis; that after Mr Wilson's resignation in 1976 they had sought and obtained Mr Callaghan's agreement that they should investigate ("conduct surveillance on") Mr Wilson and Lady Falkender in relation to this possibility; and that as a result of the investigation Mr Wilson was cleared but Lady Falkender was not.
2. The first of these allegations is not new, and is indeed referred to in Peter Wright's book. The truth is that the Security Service were aware of allegations that Mr Wilson had been a Soviet agent, and looked into them, but have never thought that he was.
3. As to the second allegation, Lady Falkender's name keeps recurring in the various reports attaching to some of those associated with Mr Wilson, but the Security Service did not investigate her "hold" over Mr Wilson as such.

4. As to the third allegation, it is without foundation. The Security Service did not ask Mr Callaghan's leave to conduct an investigation into the possibility of leaks by Mr Wilson and Lady Falkender to the Israelis, and did not conduct any such investigation.

5. I have considered with the Home Office, the Security Service and the Treasury Solicitor whether there is any action that should be taken on this story. We are advised that there is no basis on which we could demonstrate with reasonable probability that confidence had been breached, and therefore no basis for seeking an injunction.

6. We shall of course be preparing material for Prime Minister's Questions tomorrow on these matters.

7. I am sending copies of this minute to the Private Secretaries to the Foreign and Commonwealth Secretary, the Home Secretary and the Attorney General.

RA

ROBERT ARMSTRONG

27 April 1987

C.F.

PRIME MINISTERRTHE SECURITY AND INTELLIGENCE SERVICESRTA is giving
some advice on this.
Pl don't lose sight of. N.L.W.

When I spoke to Sir James Callaghan today to warn him that you 24.4.
were sending him a letter regarding Sir Maurice Oldfield, he
said that he would like to have a meeting with you to discuss
the targeting, structure and oversight of the Security
Services. He went on to say that he had been discussing these
issues with Lord (Philip) Allen, Lord Trend, Lord (John) Hunt
and Sir Michael Palliser whom he would like to bring to the
meeting!

He had hoped to delay a request for a meeting until the Wright
business had been concluded, but it looked as if that was
going to drag on for some months. He was not asking for an
urgent meeting since they wanted to develop their ideas a
little further.

You will, no doubt, want to discuss this approach with
Robert Armstrong, to whom I have not yet mentioned it.

I do not see that you can refuse a meeting, though it is for
consideration whether it should be with Mr Callaghan alone.
One possibility would be to fix a meeting for some time in the
middle of May. This would of course have to be re-arranged
for later if an election intervened.

N.L.W.

N.L. Wicks23 April 1987

CONFIDENTIAL AND PERSONAL



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

14 April 1987

Dear Andy, 14/4

THE PETER WRIGHT CASE: POSSIBLE
PUBLICATION IN NORTH AMERICA

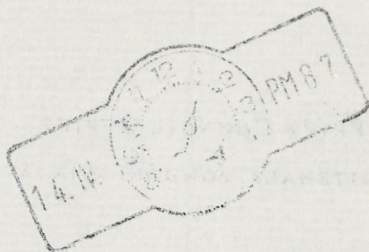
Further to your letter of 13 April I can confirm that the Lord President is willing to speak to Lord Blakenham as proposed. I will let you know the outcome.

I am copying this letter to the Private Secretaries to the other members of OD(DIS), Sir Robert Armstrong, the Treasury Solicitor and the Director General of the Security Service.

*Yours ever,
Mike*

M J ELAND

A Bearpark Esq
Private Secretary to
Prime Minister



SECURITY: Secret Services

PT 7

CONFIDENTIAL AND PERSONAL



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

14 April 1987

Dear Andy ^{my} 14/4

THE PETER WRIGHT CASE:
"A SPY'S REVENGE"
BY RICHARD HALL

Further to your letter of 13 April I can confirm that the Lord President is willing to speak to Lord Blakenham as proposed. I will let you know the outcome.

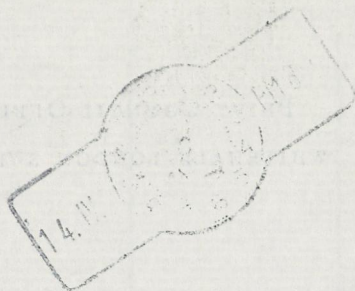
I am copying this letter to the Private Secretaries to the other members of OD(DIS) and Trevor Woolley (Cabinet Office).

yours ever,
MJE.

M J ELAND

A Bearpark Esq
Private Secretary to
Prime Minister

SECURITY: Secret Service PT7



SECRET

SECRET

SECRET

From: THE PRIVATE SECRETARY
CONFIDENTIAL



ra

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

13 April 1987

John Bone

ATTACHED

The Home Secretary has seen the "line to take" attached to OD(DIS)(87)28. He is content except in respect of the last sentence of paragraph 2 which he feels is likely to invite journalists, and the BBC in the particular case of the "Powers" film, to take exception to the implied constraint on their scope for speculation.

Questions of national security having already been dealt with in connection with the film, the phrase "not in the national interest" will be open to a wide interpretation, and the implication that Government wishes to constrain speculation in this wide context is unlikely to be helpful. It will be argued that the Government is trying to intimidate or rebuke the BBC. The Home Secretary therefore takes the view that the sentence should either be deleted or better replaced by "It follows that details given in the film can only be speculation".

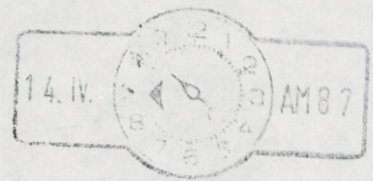
Copies go to the Private Secretaries to members of OD(DIS) and to Sir Robert Armstrong.

Yours sincerely
W R Fittall

W R FITTALL ✓

B H Dinwiddy, Esq

CONFIDENTIAL



cc OD(DIS),
LPO
FCS
Jeo
MOD
Att. Gen.

CONFIDENTIAL AND PERSONAL

BM



File

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

13 April 1987

Dear Mike

**THE PETER WRIGHT CASE:
POSSIBLE PUBLICATION IN NORTH AMERICA**

The Prime Minister has seen Christopher Mallaby's minute B.0143 of 10 April to Nigel Wicks. She agrees that the Treasury Solicitor should write to Lord Blakenham as in paragraph 3a. of that minute, and would be most grateful if the Lord President were willing to speak privately to Lord Blakenham as Mr. Mallaby proposes.

I am copying this letter to the Private Secretaries to the other members of OD(DIS), to Sir Robert Armstrong, the Treasury Solicitor and the Director General of the Security Service.

Yours

Andy

(P.A. BEARPARK)

Mike Eland, Esq.,
Lord President's Office

CONFIDENTIAL AND PERSONAL

BM

cc: OD(DIS): -

CONFIDENTIAL AND PERSONAL

BM



file

LPO
FCS
HCO
MOD
Att. Gen.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

13 April 1987

Dear Sir

**THE PETER WRIGHT CASE
"A SPY'S REVENGE" BY RICHARD HALL**

The Prime Minister has seen Christopher Mallaby's minute B.0142 of 10 April to Nigel Wicks about the above case. She will be most grateful if the Lord President would consider speaking to Lord Blakenham as outlined in paragraph 5. of that minute.

I am copying this letter to the Private Secretaries to the other members of OD(DIS) and Trevor Woolley (Cabinet Office).

Yours

Andy

(P.A. BEARPARK)

Mike Eland, Esq.,
Lord President's Office

CONFIDENTIAL AND PERSONAL

51



CABINET OFFICE

With the compliments of

T. C. L. G. MALLABY

70 Whitehall, London SW1A 2AS

Telephone 01

270 0360



CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01- 270 0360

CONFIDENTIAL

B.0146

13 April 1987

Dear Stephen

The Defence, Press and Broadcasting Committee *at 11ap PT6*

In paragraph 2 of your letter of 23 March about one of the forthcoming books recently discussed by OD(DIS), you recorded the views of the Home Secretary about the working of the Defence, Press and Broadcasting Committee (DPBC) and the D Notice system.

2. Your letter led to a survey by the Secretary of the DPBC of the working of the system in recent years. I enclose his resulting note. You will see that until the end of last year, there was a tendency for the number of books submitted to decline and the number of cases where our suggested amendments were not wholly accepted to increase. But the statistical base - i.e. the number of books involved over the years - is too small to allow us to draw hard and fast conclusions. In 1987, as you will see, we have had refusals to submit four books. It is too soon to be sure that this is a growing trend; but it may well be.

3. The D Notice system, as you know, is confined to matters of national security (and therefore does not cover breaches of confidence as such) and is voluntary. Officials argued in paragraph 11 of their recent paper on enforcing the duty of confidentiality (OD(DIS)(87)12) that the D Notice system was of some value, within the limits just stated; and that any attempt to tighten it, for instance by extending it to cover the general duty of confidence, would be opposed by the media members of the DPBC and would be very controversial. That view was not challenged when OD(DIS) discussed the paper on 8 April.

S Boys Smith Esq
HOME OFFICE

CONFIDENTIAL

4. As you know, OD(DIS) on 8 April decided on a programme of work by officials on other means of enforcing the duty of confidentiality of present and former public servants, notably the possibilities of reform of the Official Secrets Act and of improvements in the civil law relating to injunctions. I suggest that the discussion in OD(DIS) showed that the best hope of a more effective system for dealing with problems in this area will lie in those directions.

5. I am sending copies of this letter to the Private Secretaries to the other members of OD(DIS) and to Sir Robert Armstrong.

*Yours
Chris Dyer*

C L G Mallaby

MEDIA CO-OPERATION WITH THE D NOTICE SYSTEM

(Note by the Secretary, Defence Press & Broadcasting Committee)

1. Built upon voluntary submission without obligation or sanctions, the effectiveness of the D Notice system is dependent primarily upon the willingness of editors and publishers to submit. Its effectiveness is therefore random and reflects the sense of responsibility of individual editors and publishers. The 1981 revision of D Notices emphasised the voluntary and advisory nature of the service provided and placed the responsibility firmly on editors and publishers.
2. The discernment of trends is, therefore, difficult particularly in the short term and a judgement is not made any easier by the fact that the present Secretary has only been in post for 10 months. Having been consulted, his immediate predecessor who held the post on a temporary basis suggested that while the revised and clarified D Notices issued in January 1982 probably resulted in a reduction in the number of enquiries he detected no change in the level of co-operation.
3. There have always been failures to submit; the New Statesman does not submit and Chapman Pincher has never submitted a book; and there have always been refusals to accept advice; West did not make the changes sought to his two previous books on MI5* and MI6*.

*MI5 British Security Service Operations 1909-45 (1981)

*MI6 British Secret Intelligence Service Operations 1909-45 (1983)

4. With the consent of the Security Services the present Secretary has probably been more active in seeking the submission of books than his predecessor. Since those who are predisposed to submit usually do so without prompting this in itself is likely to increase the number of apparent refusals. A study of the books submitted since 1967 shows that the number of occasions on which amendments sought have not been wholly accepted has tended to rise:

	<u>Books Submitted</u>	<u>Occasions on which Amendments were requested</u>	<u>Not wholly Accepted</u>
1967-			
1971.	17	7	1
1972-			
1976	23	8	1
1977-			
1981	17	13	3
1982-			
1986	14	6	4

What is not known is how many books of significance were not submitted.

5. In 1987:

a. Two books have been submitted: West's "Molehunt" to which amendments were accepted and Deacon's "Truth Twisters" to which no amendment was sought.

b. Following a direct approach from Sec DPBC two publishers have refused to submit a total of 3 books: "An Affair of State" by Kennedy and Knightley and "Secrets of the Service" by Glee both to be published by Jonathan Cape, and "Stranger on the Line" by Fitzgerald, Bodley Head. Significantly perhaps these two

publishing houses have the same or overlapping Boards of Directors.

c. After discussion Heinemanns have declined to submit a book by Bishop and Mallie on the Provisional IRA, claiming, as they are entitled to, that it is a political book which does not fall within the scope of D Notice No 6.

6. As far as general negotiations with the press are concerned, where the Secretary DPBC's arguments are soundly based responsible editors remain prepared to accept advice whether they have sought it in the first place or whether it has been offered on the initiative of Sec DPBC. The small number who do not ask and would not accept advice if it were offered remains unchanged.

7. Overall it is judged unlikely that the current three refusals constitute a trend, but it must be true that over the years it becomes more difficult to restrain publication as the boundaries of the public domain spread and as pressures for freedom of information grow. No doubt the flurry of interest and exposures connected with the Peter Wright case have accelerated this process.

SECURITY: Security of the
Secret Services 1974





10 DOWNING STREET

PRIME MINISTER

The two minutes below both
suggest that the Lord President
should make a private approach
to Lord Blakenham regarding
certain matters involving
Penguin publications.

If you agree the line proposed
by Mr. Mallaby in the two
minutes, we would confirm,
before we minuted out, that
the Lord President was indeed
content to approach Lord
Blakenham privately as is
suggested.

N.L.W.

N. L. WICKS

10 April 1987

Agree.
Proposed we
not

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B.0143

MR WICKS

Prime Minister

Agree to proceed

as in § 3 ?

Yes Mr N.L.W.

THE PETER WRIGHT CASE: POSSIBLE PUBLICATION IN NORTH AMERICA 10.4

In response to OD(DIS)(87)23, Ministers agreed that the Treasury Solicitor should write to Lord Blakenham, saying that he took it that Lord Blakenham would give him notice if the intentions of Viking Penguin Inc (ie no current plans to publish the manuscript) were liable to change. Lord Blakenham has replied that he does not feel as a matter of publishing principle that he should give the Treasury Solicitor an official assurance of advance notice but that he is reliably informed that the manuscript is not going to be published suddenly or secretly.

2. Officials have considered whether the Treasury Solicitor should press Lord Blakenham for a firmer assurance of advance notice of any change in Viking Penguin's plans. On balance, for two reasons, they advise against this:

a. Having taken a stand on publishing principle, Lord Blakenham is unlikely in further correspondence with the Treasury Solicitor to back down. We cannot be sure of the degree of influence that Lord Blakenham exercises over Viking Penguin's operations in North America, but he has indicated privately to the Lord President that he would expect to have adequate notice if the book were to be published and that he will do what he can to prevent any action by Viking Penguin

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that would embarrass the Government. The best prospect of getting Lord Blakenham to use such influence as he has with Viking Penguin in the future, if this should be necessary, lies in the close contacts between the Lord President and him. We should not risk prejudicing these by formally pressing Lord Blakenham for an assurance which he is clearly unwilling to commit to paper.

b. Lord Blakenham's future co-operation could be important, since if Viking Penguin did decide to proceed with publication (or sale of their rights) in the United States, our powers of legal redress would be virtually nil. An injunction could be sought against Pearson or Penguin in this country; but an injunction is a discretionary remedy and, in the absence of evidence on whether Pearson or Penguin is in a position to interfere with a contractual relationship entered into by Viking Penguin Inc in the USA, the courts here would refuse to grant us an injunction. They might even decline to accept jurisdiction or hear the application, since the approach to such matters in the United States is different from ours and proceedings here rather than there could lead to a different result. To initiate proceedings in the United States courts would be to risk protracted hearings as newsworthy as those in Australia, and with less chance of success. (This aspect was discussed in OD(DIS)(87)3 of 19 January, paragraph 7).

3. Officials accordingly recommend:

a. that the Treasury Solicitor should send Lord Blakenham a brief acknowledgement of his latest letter, taking note of it and saying that we shall hope to hear from him in good time if the intentions of the Pearson Group should be reconsidered;

b. that the Lord President, if he is willing, should speak privately to Lord Blakenham, expressing satisfaction that the latter would expect to have adequate notice if the book were to be published in North America and adding that he would very much hope that Lord Blakenham in those circumstances would contact him.

4. I am minuting separately about the book "A Spy's Revenge" by Richard Hall, to be published by Penguin.

5. I am sending copies of this minute to the Private Secretaries to the other members of OD(DIS) and to Sir Robert Armstrong, the Treasury Solicitor and the Director General of the Security Service.

C L G Mallaby

C L G MALLABY

10 April 1987

CONFIDENTIAL AND PERSONAL

B.0142

MR WICKS

The Peter Wright Case

"A SPY'S REVENGE" BY RICHARD HALL

Prime Minister

Agree no further
action on Hall's book
as proposed in §4; and
if the Lord President agrees
for him to speak to Lord
Blakenham as
§5? suggested at X in
N.L.W.

In your minute of 9 April, you said that the Prime Minister had asked whether we could be assured that Hall's book does not include material from the proceedings in camera in the Peter Wright case and does no more than refer to newspaper, radio and television material, as Peter Mayer claimed in his letter to Lord Blakenham; and that she would like to know the source of Penguin Books' "British and Australian legal advice" to which Mayer also referred. This matter had been discussed in OD(DIS)(O) on 8 April, and the advice in the present minute was in preparation.

Flag A

2. We cannot be sure on the Prime Minister's first point without reading the book. The important difference between Hall, an independent author, and Hooper is that the former has had no legitimate or known access to information from the proceedings in camera in the Wright case. There is no evidence that the book is not based entirely on open source material.

3. In the absence of any evidence that the book will contain material obtained in breach of confidence or prejudicial to national security, there is no basis for seeking an injunction restraining publication. Two other

* The Book on the Wright Trial which Pearson's subsidiary Penguin are preparing to publish.

1
CONFIDENTIAL AND PERSONAL

CONFIDENTIAL AND PERSONAL

courses of action, aimed at obtaining a sight of the book and/or assuring ourselves on the point which the Prime Minister has raised, are theoretically open:

a. The Secretary of the Defence, Press and Broadcasting Committee could write to the publishers, referring to references to the book in the press and offering advice. But, unless the further check by Penguin's lawyers (referred to in paragraph 3 of Mayer's letter) causes them to change their advice, Penguin would almost certainly refuse to submit the book on the grounds that there was no need for D Notice approval. News of an approach by the DPBC Secretary would get back to Lord Blakenham, who might well regard it as a rejection by the Government of the assurances he has passed (by copy of Mr Mayer's letter) to Lord Whitelaw with whom, it has to be remembered, he has been very willing to co-operate. It is worth our maintaining his goodwill in this matter; see my separate minute to you on the risk of publication of Wright's manuscript in the United States.

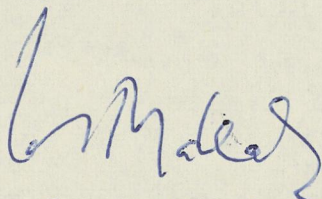
b. The second alternative would be a letter to Penguin from the Treasury Solicitor, seeking an assurance that the book contains no information obtained in breach of confidence and/or drawing attention to our injunction against the Guardian and the Observer which restrains publication in this country of material from Wright. A satisfactory reply would provide some reassurance. But this too would look like ignoring Lord Blakenham's contacts with the Lord President. Another disadvantage would be that Penguin might publicise the Treasury Solicitor's letter, to increase their sales.

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at Flg A 4. OD(DIS)(O) concluded, in view of the above considerations - especially the low risk that Hall's book will contain revelations, that Ministers should be advised that we should let things rest on the assurances about the book's contents expressed in Mayer's letter to Lord Blakenham.

X / 5. On the Prime Minister's second point, we cannot ascertain the source of Penguin's "British and Australian legal advice" without asking Penguin themselves. In the circumstances, this could only be done by the Lord President through Lord Blakenham. The best line of approach, if the Lord President agrees, might be for him to ask Lord Blakenham whether the further check by Penguin's lawyers has been fully satisfactory. I suggest that this would be the main point, but it would open up a conversation in which questions about the source of legal advice could be asked if that was considered necessary.

6. I am sending copies of this minute to Michael Eland in the Lord President's Office and Trevor Woolley here; and, although they have not seen your minute under reference, to the Private Secretaries of the other members of OD(DIS).


C L G Mallaby

10 April 1987



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

I have shown the Prime Minister Mr. Eland's minute of 6 April covering a letter and enclosure from Lord Blakenham concerning the publication by Penguin Books of a book by Richard Hall entitled "A Spy's Revenge".

BF The Prime Minister has asked, in view of our unfortunate experience with Hooper's book "Official Secrets: The Use and Abuse of the Act" whether we can be assured that Hall's book does not include material from the in camera court sessions and indeed does no more than refer to newspaper, radio and television material, as Peter Mayer claims in his letter to Lord Blakenham. The Prime Minister would also like to know the source of Penguin Books' "British and Australian legal advice" to which Mayer refers in his letter.

I am sending a copy of this minute to Michael Eland (Lord President's Office).

(N. L. WICKS)
9 April 1987

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SIR ROBERT ARMSTRONG

MR WICKS

I attach a copy of the letter and enclosures
from Lord Blakenham about which the Lord
President spoke to you this morning.

A handwritten signature in dark ink, appearing to be "MJ Eland", written in a cursive style.

M J ELAND
Private Secretary

Privy Council Office
6 April 1987

CONFIDENTIAL AND PERSONAL

Letter from Lord Blakenham to Lord Whitelaw dated 2 April 1987

I received the attached one hour ago. It leaves me angry, as it is the first I've heard about it and in view of my earlier conversations with Penguin I think I should have been told, even though it is not about the manuscript we discussed and is not believed to contravene the Official Secrets Act.

Apparently the printed sheet attached went out recently (8 March) to booksellers and the book is due to be published on 30 April.

As to Peter Wright's manuscript, I attach recent correspondence with Mr Hogg and would expect to have adequate notice if it were to be published. If when the time comes we were to be injunctioned (and I am told an injunction would not be likely to hold up in the US and would raise all sorts of problems of a UK parent attempting to suppress a publication by a distinguished US publisher) the basic problem would remain, as the Viking rights would then be lapsed and the book would be likely to be published by another US house amidst additional publicity.

Oh dear. I am afraid suppression is a difficult issue.

Penguin Books Ltd

Peter Mayer
Chief Executive

27 Wrights Lane
London W8 5TZ

Telephone 01 938 2200
Telex 917181/2
Fax 01 937 8704



31st March 1987

Lord Blakenham
Pearson PLC
Millbank Tower
Millbank
London SW1P 4QX

Dear Michael,

Re: Richard Hall : A Spy's Revenge

I perhaps don't need to write you this letter, but I am writing it since you have raised other issues in connection with Peter Wright.

*what?
from whom
in connection?*

I only want to alert you to a book I do not believe we have legal difficulties with, but which I would not want you to become aware of after the fact. There is no reason not to publish this book, as I have been assured by both the Australian company, who originated it, and took British and Australian legal advice, and by Peter Carson and the editor, Andrew Franklin, that whilst the book tells the story of the trial and issues, the Official Secrets Act would not have any position with respect to it in terms of prohibition of publication. This is essentially a book of trial journalism, and covers the case from newspapers, radio and television.

Although I learned about this after my return from the States I have asked Peter Carson to check with our lawyers - who in fact have read it before and passed it for publication - to assure ourselves one more time that the information is not from sources that would raise a question.

Yours sincerely,

Peter Mayer

P.S. I am enclosing a promotion piece and some correspondence with Brian Johns, our publisher in Australia.

cc: P. Carson

PM/jt

STOP PRESS STOP PRESS STOP PRESS STOP PRESS STOP PRESS

(LON-2)SYDNEY, DEC. 2--(AP)--Retired MI5 officer Peter Wright arrives at the Supreme Court in Australia, Tuesday. Wright is defending his book on MI5 against motion by the British government to have it published. (AP WIREPHOTO) (pbr/rmcp30930str)1986



The time:

November/December 1986.

The place:

the Supreme Court, Sydney, Australia.

The occasion:

H.M. Government vs Peter Wright/ Heinemann Australia.

The purpose:

to prevent publication of former MI5 operative Peter Wright's potentially explosive memoirs.

The result:

a courtroom drama that stirred up a hornet's nest of intrigue, speculation and scandal - that made the British Security Services headline news around the world.

And the conclusion?

A SPY'S REVENGE
RICHARD V. HALL

**Rush
'final ruling'
publication
30 April**

A sensational investigation
into the Peter Wright case.



A SPY'S REVENGE

RICHARD V. HALL

- ★ Sheds startling light on revelations and allegations of KGB infiltration, MI5 dirty tricks, abuses of power and security leaks.
- ★ Gives a graphic account of the trial and looks at the forces/characters at work behind it.
- ★ Includes exclusive material not revealed to the press.
- ★ Author Richard Hall knows his subject well – covered the trial for the *Guardian*, Radio 4 and the Six O'Clock News.
- ★ 'Final' judgement on the case due early March – book includes special summary of conclusions/results.
- ★ Highly contentious subject matter – in the bestselling tradition of Chapman Pincher and Nigel West.
- ★ First UK publication – massive media interest guaranteed.
- ★ Special posters.
- ★ Advertising in **THE GUARDIAN**
THE INDEPENDENT **THE TIMES**
DAILY NEWS **THE SUNDAY TIMES** and
New Statesman

'Richard Hall is one of today's finest writers on the secret world. His book should be required reading for everyone in a free and open society'

– Phillip Knightley, author of
The Second Oldest Profession

240 pages approx. B format £3.95
 A Penguin Special

Order your copies now –

Minimum order : 20 copies

- 523898 _____ **A SPY'S REVENGE** Hall £3.95
- 98268X _____ **POS** Poster

Rush
 'final ruling'
 publication
 30 April



NAME _____ ORDER NO. _____		INTERNAL USE ONLY																														
ADDRESS _____		PENGUIN FORM NUMBER D48707																														
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Return to Penguin Books Ltd, Bath Road, Harmondsworth, Middlesex UB7 0DA or your usual supplier.

PEARSON

2 April 1987

PRIVATE AND CONFIDENTIAL

Your Ref. L85/2704/DAH

Mr. D.A. Hogg
The Treasury Solicitor
Queen Anne's Chambers
28 Broadway
London SW1H 9JS

D. A. Hogg.

Thank you for your letter of 23 March about the Peter Wright manuscript.

Should the situation change, I do not feel as a matter of publishing principle that I should give you an official assurance of advance notice but I am reliably informed that the manuscript is not going to be published suddenly or secretly.

Z. ...
W. A. Bush



28 Broadway London SW1H 9JS

Telephones Direct Line 01-210 3109

Switchboard 01-210 3000

*BY HAND

Telex 917564 GTN 210

Fax No. 01-222 6006

Viscount Blakenham
Pearson PLC
Millbank Tower
LONDON
SW1P 4QZ

Please quote
L85/2704/DAH
Your reference

Date
23 March 1987

Dear Lord Blakenham,

Thank you for your letter of 11 March. I am pleased to note that there are no current plans for any part of the Pearson Group to publish the Peter Wright manuscript or offer it for publication to others.

May I take it that you would give me plenty of notice if the intentions of Viking Penguin Inc., as you describe them, were liable to change?

Yours sincerely,
David Hogg
D A HOGG

PEARSON

PRIVATE AND CONFIDENTIAL

11 March 1987

D A Hogg Esq
(Assistant Treasury Solicitor)
The Treasury Solicitor
Queen Anne's Chambers
28 Broadway
London SW1H 9JS

Dear Mr Hogg,

Thank you for your letter of 6 March. I have made enquiries about the matter you mention and find that the situation regarding the manuscript referred to is not quite as you suggest.

The manuscript is under lock and key. As I understand it, it is not being offered for publication to anyone by Viking Penguin Inc who themselves, for commercial reasons, have no current plans for publication.

*Yours sincerely
Lord Blaker*

Security, Secret Services PT7



SECRET



File KB
2

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

CONTROL AND OVERSIGHT OF THE
SECURITY SERVICES

The Prime Minister was grateful for the note attached to your minute of 3 April, which she has studied in some detail over the weekend.

Before discussing the note with the Lord President, the Home Secretary and the Foreign and Commonwealth Secretary, she would like to discuss it with Sir Antony Duff, "C", the Director of GCHQ and yourself.

Our office here will be in touch with you about a suitable time.

N. L. WICKS

6 April 1987

SECRET



With the Compliments of

The Treasury Solicitor

D A HOGG



THE TREASURY SOLICITOR

Queen Anne's Chambers

28 Broadway London SW1H 9JS

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Fax No. 01-222 6006

C L G Mallaby Esq CMG
Cabinet Office
70 Whitehall
LONDON
SW1

Please quote
L85/2704/DAH
Your reference

Date

3 April 1987

Dear Christopher,

THE PETER WRIGHT CASE

I enclose a copy of a letter dated 2 April received from Lord Blakenham.

The reply does not go as far as we would wish but on the basis of the correspondence that has passed between this Office and Lord Blakenham, there is no further step which can be taken successfully in terms of direct legal action.

I would propose that I reply to Lord Blakenham in the following terms,

"Thank you for your letter of 2 April, the contents of which I note".

*Yours ever,
D.A.H.*

D A HOGG

Copied to:-

N L Wicks CBE ✓
B Sheldon Esq CB
J Nursaw Esq CB
A Inglese Esq
C Battiscombe Esq
T Woolley Esq



· PEARSON ·

2 April 1987

PRIVATE AND CONFIDENTIAL

Your Ref. L85/2704/DAH

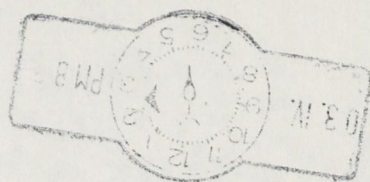
Mr. D.A. Hogg
The Treasury Solicitor
Queen Anne's Chambers
28 Broadway
London SW1H 9JS

D. A. Hogg

Thank you for your letter of 23 March about the Peter Wright manuscript.

Should the situation change, I do not feel as a matter of publishing principle that I should give you an official assurance of advance notice but I am reliably informed that the manuscript is not going to be published suddenly or secretly.

Z. ...
W. A. B. ...



Prime Minister,

i Agree to discuss
with Lord Pres, Home Sec
FCS and RTA?

Ref. A087/988

PRIME MINISTER

Control and Oversight of the Security Services

Some weeks ago I was commissioned to prepare a note
discussing possible changes in the control and oversight of
the Security Services.

are probably unnecessary
at this stage.)

--- 2. I now attach a note, in the preparation of which I have
consulted the Home Office, the Foreign and Commonwealth Office
and the Heads of the 3 Security and Intelligence Services.

N.L.W
3.4

3. I think that you will probably want to discuss this note
in the first instance with the Lord President, the Home
Secretary and the Foreign and Commonwealth Secretary; I am
therefore sending copies of the note to them.

RA

ROBERT ARMSTRONG

3 April 1987

Control and Oversight of the Security Service

Note by the Secretary of the Cabinet

I. Introduction and Summary

This paper discusses the question of providing a legislative basis for the work of the Security Service and ways in which the existing arrangements for accountability and oversight of the Service might be strengthened and be seen to be strengthened. The same matters are briefly discussed at the end in relation to GCHQ and the SIS.

2. For historical reasons, and because of the belief that it was advantageous (not least for Ministers) to be able to distance Ministers from the operations of the Security Service, the Security Service is neither a Government Department nor a body whose functions and responsibilities are defined by statute. Its functions and the limitations on its operational freedom are broadly defined in a Directive (which is now thirty five years old), and the Director General is answerable to the Home Secretary and the Prime Minister; but within that broad framework he has enjoyed a great deal of freedom in, and has correspondingly accepted a great deal of responsibility for, the management of the Service and the operations which the Service undertakes.

3. That state of affairs has probably enabled the Service to operate more effectively in the interests of national security than it would have been able to do under a tighter framework of statutory authority and more detailed accountability. But it has depended on there being a sufficient consensus, at least between the front benches of the two main parties in Parliament, that that should continue to be the state of affairs. That consensus appears to be breaking down, for various reasons - publicity for recent cases, the activities of investigative journalists, constant allegations of illegality or impropriety

in the operations of the Security Service, pressures for greater accountability. Concern centres particularly on the Security Service's role in countering domestic subversion.

2. It is not clear that the present state of affairs can or even should be maintained for much longer. Indeed, the high level of interest in the activities of the Security Service and in possible arrangements for bringing it under tighter Ministerial and even Parliamentary control could make it increasingly difficult for the Service to continue to undertake its work and operations under the sole authority of its Director General working within the Directive. The Director General and many members of the Service would welcome a stable and legally sound basis from which to operate, though it has to be recognised that putting the Service on a statutory basis would increase the opportunity for and risk of legal challenge and judicial review.

4. Suggestions for change concentrate mainly on three areas:

1. The possibility of putting the Service and its work on to a statutory basis.
2. The possibility of introducing some form of oversight of the Security Service, other than that now exercised by or on behalf of Ministers.
3. The possibility of bringing up to date and perhaps strengthening the Directive to the Director General.

5. Cases now before the European Commission of Human Rights (ECHR) may in due course lead to findings which will oblige Ministers to consider the introduction of legislation to provide a statutory basis for the Security Service and an effective remedy for citizens who believe their rights to have been infringed by the activities of the Service. It is not too soon to consider what would be involved in such legislation, both in case of adverse findings by the ECHR and in case Ministers might

want to consider the introduction of legislation in anticipation of these findings.

6. Further consideration should also be given to whether any new form of oversight of the Security Service should be introduced, and what form that might take; and to the modernisation and possible strengthening of the Directive to the Director General.

7. Consideration should also be given to the implications for GCHQ and the SIS of the introduction of legislation or of new oversight arrangements for the Security Service.

8. Ministers are accordingly invited to consider whether, in order to take the study of these matters further:

1. Officials should examine the possible form and contents of legislation to put the Security Service on a statutory basis, in a way which would satisfy the requirements of the European Convention on Human Rights.

2. It is agreed not to pursue further possible forms of external oversight of the Security Service.

3. The decision to appoint Staff Counsellors for all the security and intelligence services should be confirmed and implemented.

4. Officials should prepare detailed proposals for establishing a Security Service Counsellor, who would subsume the responsibilities of the Staff Counsellor already approved and also undertake a wider role in relation to the propriety of Security Service activities and operations.

5. Officials should continue to work on the preparation of a revised and updated Directive for the Director General of the Security Service.

6. Further consideration should be given to the implications for GCHQ and SIS of changes proposed for the Security Service.

II. The need for and possible content of legislation

9. Disclosures made by Miss Cathy Massiter and others have provided material for cases to be brought before the ECHR by three British citizens, alleging breaches of the European Convention in relation to activities of the Security Service. These cases are described in Annex A. They go to the heart of the Security Service's basis and functions. Present legal advice is that key functions of the Service, above all its practice of opening files on subversives and their associates without external supervision or sanction, may be held to be in breach of the European Convention on Human Rights. Such findings would oblige the Government to consider legislation to put the Security Service on to a statutory basis. It would certainly come under increased pressure to do so.

10. As a minimum legislation would have to provide a basis in law for those matters which will be coming before the ECHR in the current cases. This does not necessarily involve giving an exhaustive list of the functions of the Security Service. For ECHR purposes the legislation would have to demonstrate that the Security Service's operations were conducted in accordance with law and establish statutory arrangements for the provision of public redress in respect of complaints about Security Service activities. This might take the form of a tribunal akin to that set up under the Interception of Communications Act 1985. Such a tribunal would require some definition of Security Service duties and powers against which to measure complaints.

11. In addition the legislation would probably need to provide for such authorisations as might be thought necessary for particular types of operations, eg warrants to enter premises for the purpose of investigations. Such a provision would help to reassure the Service about its present operations and any Staff Counsellor who may be appointed.

12. The Government could find itself in a weaker position on legislation in relation to the cases before the European Commission than it was on interception following the Malone case. On interception there were administrative policies and procedures described in a White Paper which were held to be satisfactory and lacking only statutory backing and recourse. For the other activities of the Security Service the only published document is the 1952 Directive to the Director General. The existing Directive (and its unpublished supplements) are being reviewed by the Home Office and the Service. The principal questions are whether the position where not all the Directives have been published can continue to be maintained; and if not whether the main published Directive should be altered in advance of legislation to match the present objectives and priorities of the Service.

13. If the Government is likely to have at some stage to consider whether to legislate, it would be sensible now to begin the examination of what would be required. Apart from providing a basis for reaching a decision after an adverse finding by the ECHR, that would enable Ministers, if they wished, to consider legislating before the ECHR cases are concluded in three or four years' time. Thus the examination would help to enable Ministers to reach a view in principle on whether legislation was necessary and practicable, quite apart from whether it had to be considered as a response to a finding of the ECHR.

III. Oversight of the Security Service

14. The introduction of legislation would no doubt increase the pressure for instituting some form of oversight of the Security Service, unless the provisions in the legislation (for instance, a tribunal for public redress, and possibly - if the interception precedent were followed - a Commissioner to monitor operations) were thought to be sufficient. But that pressure exists already, and recent events make it timely to consider once again whether the Government should introduce some further oversight of the work of the Security Service, beyond that provided by the present responsibilities of Ministers.

15. It is possible to envisage two forms of oversight. That most commonly canvassed in public discussion is external oversight: that is to say, oversight by a person or body - for instance a Committee of Privy Counsellors - reporting not to Ministers but to Parliament. This form of oversight would present formidable difficulties. If a new external oversight body were within the fence of confidentiality, it would not be in a position to reveal all it knew to Parliament or the public; it would have to be taken on trust, as Ministers have to be under the present arrangements, and it might not be seen as sufficiently independent of the Executive. On the other hand a body outside the fence of confidentiality could not be told all that it (or others) might think that it needed to be told in order to satisfy itself and those to whom it reported that it was able to carry out its functions satisfactorily.

16. There are a number of overseas precedents for external oversight, notably in the United States and the Federal Republic of Germany. These precedents demonstrate the problems; and recent public debate in this country has suggested that there is a considerable body of opinion which recognises the problems about external oversight.

17. Another option would be some form of internal oversight designed to buttress the present role and responsibilities of Ministers and the Director General of the Security Service, in a way which could be presented publicly as increasing the accountability of the Service to its Ministerial masters. This is the way the Australians have gone, with the recent appointment of a full-time Inspector General for the security and intelligence agencies; but it is not clear that we need or should benefit from anything as intrusive as this would be likely to be.

18. The suggestion below is addressed to the possibility of a new form of oversight for the Security Service, which would concentrate on the propriety of the tasks undertaken by the Service as the field with which Parliamentary and public opinion would be most concerned, and would leave in place existing arrangements for financial and accounting supervision, as well as the present arrangements for dealing with interception of communications.

19. Ministers have already approved the introduction of Staff Counsellors in the Security Service, GCHQ and SIS, to whom staff could turn if dissatisfied after pursuing some concern on a matter of conscience or propriety through normal management channels. Individuals have been identified, but no Counsellors have as yet been appointed. The suggestion is that, in the case of the Security Service, the office of Staff Counsellor might be combined with a duty of surveillance of, and reporting to the Home Secretary on, the propriety of the operations of the Service. In announcing the appointment of what might be called the Security Service Counsellor, both roles would be revealed.

20. In this more general duty of surveillance of propriety, the Security Service Counsellor would need to be able to inform himself about the work of the Security Service in order to be able to advise the Home Secretary on its propriety. He would be

available for consultation by the Director General or the Home Secretary on general or specific matters of propriety, with particular regard to the Security Service Directive. The Security Service Counsellor might also have a right to be kept informed by the Director General on the arrangements for ensuring that the Directive was being observed and members of the Service would be able to refer to him questions about propriety of operations. He might make an annual report to the Home Secretary. In this role he would not become involved in the planning or supervision of operations or in any matters unrelated to propriety, though as a Staff Counsellor he might also have a role in relation to grievances about terms and conditions of service.

21. In order to avoid overlap with the Commissioner and Tribunal already appointed under the Interception of Communications Act, the Security Service Counsellor would not enquire into policies and procedures concerning the interception of communications by the Security Service, though he might become involved if as Staff Counsellor he was called upon to advise on a problem of conscience about an interception.

22. To be credible in his wider role a Security Service Counsellor would need not only to have the confidence of Ministers and of the Service but also to have sufficient public standing to carry respect and confidence of Members of Parliament and the public. Since he could be involved in matters where it might be a question whether action was or was not in compliance with the law, or in activities covered by the unpublished Directives, it would be better not to have a judge, at any rate unless and until legislation had put the Service and its activities on a statutory basis. Members of Parliament would not be suitable, and prominent former MPs would be unlikely to wish to undertake this relatively narrow and specific function. Ex-members of the public service, civil or

military, could well be suitable but might not always be thought to be sufficiently independent. Another possibility would be to find a suitable academic, banker or businessman.

23. But this might not prove to be a very satisfactory arrangement. The functions of a Staff Counsellor are clear enough: he would respond to approaches, complaints or grievances from members of the Service, or to requests for consultation by the Director General. His existence would provide some assurance for the Secretary of State, and/or external opinion, that requests or instructions to members of the Service which seemed to those concerned to be difficult to reconcile with their consciences (because they might involve "illegality" or "impropriety") could be reviewed before they were required to be acted upon. The appointment of a Staff Counsellor would satisfy and be welcomed by the group of Conservative backbenchers led by Sir Edward Gardner who have been pressing for such an appointment.

24. The wider role, on the other hand, would be less clear; and it would impose on the Counsellor a duty to be informed without a clear arrangement as to how he was to be informed. The wider role would not satisfy those (like Mr Callaghan and Dr Owen) who are arguing for more elaborate oversight arrangements - a Committee of Privy Counsellors, for instance.

25. If it is accepted that it is likely that legislation will be required within the next four or five years, and in the context of that legislation it is likely that some more elaborate form of oversight will have to be established (whether in the form of a Commissioner, as in the case of interception, or of a Committee of Privy Counsellors reporting to the Prime Minister), the best course now may be to proceed with the appointment of Staff Counsellors as already agreed but to make no other changes. It could reasonably be argued that the appointment of a Staff Counsellor ensures the ability of members

of the Security Service effectively to call into question, in a way which could ultimately involve the Secretary of State, the propriety of a particular course of action proposed.

IV. The Security Commission

26. The Security Commission's role is different, and it should remain separate. Its function is to consider cases referred to it (usually following a prosecution) of breaches of security anywhere in the public service, not just in the security and intelligence services. That function would still be needed, and the introduction of legislation about the Security Service or the appointment of a Security Service Counsellor would not alter the present role of the Security Commission in discharging it. The Security Service Counsellor, like the Director General at present, could be called by the Security Commission to give evidence in their investigations, particularly where a breach of security had occurred in the Security Service itself; but he would not be the servant or agent of the Commission.

V. GCHQ and SIS

27. The focus of Parliamentary and public concern at present is on the Security Service. The arrangements discussed above could be confined, at least initially, to that Service. As already envisaged, Staff Counsellors could be appointed, without any wider function in relation to propriety of operations, for GCHQ and SIS.

28. The case for oversight arrangements for GCHQ is (despite recent events) less strong than for the Security Service. GCHQ's operations are not generally seen as a potential threat to civil liberties at home, since they are concerned mainly with military and foreign intelligence; and their work consists of the interception of communications and in the United Kingdom is already covered by legislation, including the Interception of

Communications Act, with its Tribunal and Commissioner. It is not at all clear that there would be a wider role for a GCHQ Counsellor, parallel to that suggested for a Security Service Counsellor.

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RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

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RETAINED UNDER SECTION 3 (1)
OF THE PUBLIC RECORDS ACT

31. As already indicated, Directives could in principle be introduced for GCHQ and SIS, and could be published. Drafts are being prepared by officials in case Ministers should wish to consider this possibility.

Conclusions

32. Ministers are invited to consider whether, in order to take the study of these matters further:

- i. Officials should examine the possible form and contents of legislation to put the Security Service on a statutory basis, in a way which would satisfy the requirements of the European Convention on Human Rights.
- ii. It is agreed not to pursue further possible forms of external oversight of the Security Service.
- iii. The decision to appoint Staff Counsellors for all the security and intelligence services should be confirmed and implemented.

iv. Officials should prepared detailed proposals for establishing a Security Service Counsellor, who would subsume the responsibilities of the Staff Counsellor already approved and also undertake a wider role in relation to the propriety of Security Service activities and operations.

v. Officials should continue to work on the preparation of a revised and updated Directive for the Director General of the Security Service.

vi. Further consideration should be given to the implications for GCHQ and SIS of changes proposed for the Security Service.

Cabinet Office

3 April 1987

Application No. 12015/86: Isabel Hilton v UK

Outline of the facts

In Autumn 1976 Ms Hilton sought employment with the BBC Scottish News Department. In the event she says that she was not offered the job because of a security assessment carried out on her by the Security Service and which, she says, was mistaken in certain respects. The Government disputes both assertions. In fact Ms Hilton had accepted alternative employment before the security assessment was begun.

Nature of alleged breaches

Ms Hilton's complaint relates to the obtaining, retention and application of personal information in circumstances which adversely affected her prospects of securing the BBC appointment in breach of her right to respect for private life guaranteed by Article 8 of the European Convention on Human Rights. She also complains that she has no remedy, contrary to Article 13 of the Convention, in relation to her complaint under Article 8.

Likely result

A finding of a breach of Article 8 is likely notably because of the absence in English law of an adequate legal basis (including satisfactory safeguards) for such security assessments. A breach of Article 13 is likely to follow any such finding (and may be found even if no breach of Article 8 were to be found).

Application No. 12175/86: Patricia Hewitt and Harriet Harman v UK

Outline of facts

Ms Hewitt and Ms Harman allege that, by reason of their association with the NCCL, records were kept on them by the Security Service the maintenance of which involved surveillance of various kinds of their activities and associations. The Government neither accepts nor denies these allegations (which are based on evidence of Ms Cathy Massiter).

Nature of alleged breaches

The applicants allege that the maintenance of records and the surveillance of their activities and associations breach their right to

respect for private life guaranteed by Article 8. They also complain that the surveillance breaches their right to freedom of expression guaranteed by Article 10 because their opinions are recorded by the Security Service and because the prospect that information may be used against them may inhibit their freedom of expression. They also complain under Article 11 in relation to their right to freedom of association because they say that those with whom they associate are at risk of being regarded as subversive because of their association. Like Ms Hilton, the applicants also complain that they have no remedy, contrary to Article 13, in relation to their complaints under the Convention.

Likely result

As in Ms Hilton's case, a finding of a breach of Article 8 can be expected notably because of the absence in English law of an adequate legal basis (including safeguards) for such activities of the Security Service. A breach of Article 13 is also likely to be found. It is unlikely that separate breaches of Articles 10 and 11 will be found.

Timetable

The Commission's Report in each case is likely in the first half of 1988 and if, as can be expected, the cases are referred to the Court, judgment is likely at the end of 1989/early 1990 (though this timetable could slip).

SECURITY: Secret Service pr 7

PART 6 ends:-

HONG OFFICE TO M. SAUNDERS 3/3

PART 7 begins:-

RTA TO PM (A087/988) 3/4

