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Treasury Chambers, Parliament Street SW1P 3AG

Stephen Wall Esq
 Private Secretary to the
 Foreign Secretary
 Foreign and Commonwealth Office
 King Charles Street
 London
 SW1

13 March 1990

Dear Stephen

POLITICAL AID

The Chief Secretary has seen Charles Powell's letter to you of 22nd February, which you copied to John Gieve, and we have since caught up with the earlier correspondence. I understand that Mr. Waldegrave has since discussed these ideas with the Speaker, but we have not yet heard the outcome.

2. The Chief Secretary, believes that before discussions go much further, it is necessary to establish the basis on which such a new initiative would be financed. Very early indications from FCO officials are that the first-year cost might be of the order of £1 million, building up thereafter to an annual level of £10 million.

3. We also understand from FCO officials that, in order to distance the Government from this essentially non-partisan initiative, the present intention is to create an independent institution, perhaps on the lines of the Inter-Parliamentary Union or the Commonwealth Parliamentary Association. It does not follow from this, of course, that the funding would be borne on Parliamentary or Treasury votes, or be met from the Reserve. The arrangement under which the IPU and CPA are financed directly by the Treasury is itself an anomaly. As the motivation is essentially one of international politics, the Chief Secretary considers that if any public expenditure were decided for this purpose, it should fall on an FCO Vote, and that the Foreign Secretary should find offsetting savings from within one or other of his programmes.

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4. But the Chief Secretary also feels that the cost-effectiveness of the proposal needs more careful study. He does not think it is self-evident that a body modelled on the IPU is the right instrument - or indeed that any new institution is required. Much of what is proposed is analogous to some of the present operations of the British Council and he doubts whether a new body is needed for the purpose. If it is, then he believes that it should be set up in such a way as to attract private funding, so as to gear up any public funds which might be contributed. Another alternative which might be considered is a Speaker's Fund, which could be based on a grant in aid from the FCO, and might be able to attract further funds from the private sector.

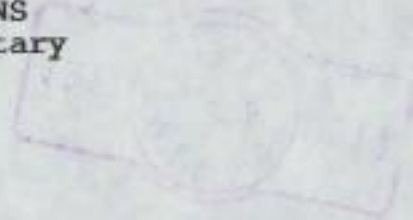
5. The Chief Secretary asks me to say that he very much hopes these issues can be discussed further among Ministers before negotiations with the House Authorities or with the Political Parties go any further.

6. I am copying this letter to Charles Powell (No.10), and Robert Canniff (Chancellor of the Duchy of Lancaster).

Yours

Carys Evans

MISS C EVANS
Private Secretary



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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

14 March 1990

Dr. Singh

POLITICAL AID

The Prime Minister has seen Carys Evans' letter of 13 March to you about the proposals for aid to new political parties in countries which are moving towards democracy. She agrees with the Chief Secretary's view that the detail should be settled between Ministers before negotiations with the House Authorities or with the Political Parties.

I am sending a copy of this letter to Carys Evans (Chief Secretary's Office).

Yours sincerely
C. D. Powell
(C. D. POWELL)

Stephen Wall, Esq.,
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

21 March 1990

Dear Carys,

POLITICAL AID

Thank you for your letter of 13 March. We have also seen Charles Powell's letter of 14 March.

Mr Waldegrave has almost completed a first round of consultations with other parties in the House as agreed in Charles Powell's letter of 22 February. He has made clear throughout his meetings that the basis on which any bid for political aid was funded remained to be determined. Mr Waldegrave has told the other parties that as a next step we will circulate in 3 weeks a discussion document outlining some ideas on the organisation of political aid.

In the meantime Mr Waldegrave has instructed FCO officials to contact their Treasury opposite numbers shortly to discuss the funding of political aid together with the other points made in your letter. This will prepare discussions by Ministers, and will also be an opportunity to explain how our thinking has developed following Mr Waldegrave's consultations.

I am copying this letter to Charles Powell (No 10) and Robert Canniff (Chancellor of the Duchy of Lancaster).

Yours etc

Dominic Asquith

Dominic Asquith
Private Secretary to the
Rt Hon William Waldegrave

Miss Carys Evans
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