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26-JUN-95 MON 18:44 DEPT. OF FOREIGN AFFAIRS P.02 (illa) 1722 019 17. GROSVENOR PLACE, AMBASAID NA HÉIREANN, LONDAIN SW1X 7HR Telephone: 0171-235 2171 anon Fax: 0171-245 6901 IRISH EMBASSY, LONDON AOISEAC 26 June 1995 COPY TO PST PSS MR. F MURRAY Mr Sean O hUiginn MS. P TEAHON Second Secretary Anglo-Trish Division MR. S. DONLON HO MR. T DALTON Dear Second Secretary Leadership of the Conservative Party

At a reception in Buckingham Palace today to mark the 50th anniversary of the United Nations I had brief discussions with a number of Tory Ministers and MPs, including John Gummer (Environment), Virginia Bottomley (Bealth) and Fatrick Mayhew. At that stage Redwood had not formally declared although the general expectation was that he would.

Both Gummer and Bottomlay are staunch supports of John Major and belong to the left of the party. They regarded Redwood's expected action as an act of gross disloyalty to the Prime Minister and did not disagree when I suggested that Margaret Thatcher may have been involved in the plot.

A note on Redwood's political profile to date is attached. He is an ardent Thatcherite and was head of Mrs Thatcher's policy planning unit before entering parliament in 1987. He had written a number of books on economic policy before attracting Thatcher's attention and his early works on privatisation in the late seventies foreshadowed the State self-off programme that was the defining policy of the Thatcher years in the 1980's.

Incidentally, in my brief discussion with Mayhew on the current deadlock over decommissioning the Secretary of State said that Sinn Fein were totally mistaken if they thought the Government would eventually give way on the issue. There was no question of the Government's changing its attitude on this and if the talks involving the parties must proceed without Sinn Fein, so be it. The reality was that the Unionists would not come to the table while Sinn Fein and their supporters remained intransignent on the decompletioning issue. intransigent on the decommissioning issue.

In the event, John Redwood announced his candidacy for the leadership at a press conference at 2.00 pm today. At the press conference, he was flanked by his adviser and campaign press officer, Hyell Williams, and by former Chancellor Worman Lamont, who in a separate statement pledged his full support for the Redwood campaign. Redwood was also accompanied by MPa Teresa Gorman, Bill Walker, Edward Leigh, and David Evans, the first comber of the eighteen-strong 1922 committee to renounce his support for the PM.

The splitting of the cabinet is an evident blow to Major's strategy and creates a real uncertainty. The following analysis is therefore inevitably tentative.

Nominations for the first ballot close at noon on Thursday. The best estimate is that Major and Redwood will be the only candidates. Michael Heseltine, who opposed Mrs Thatcher in 1990, must avoid being seen as disloyal a second time. While this would seem to preclude participation in the first ballot, he would be expected to enter the race if a second round is necessary. Portillo, as probably the long-term favourite for the

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leadership of the party, is also likely to avoid a controversial firstround candidacy. Gillian Shephard's appeal as a candidate would be as a unifier and she too is only likely to enter the contest if there is a second round.

The first ballot will be held on Tuesday 4 July, probably in the afternoon, with the result being announced at 5.00 pm. The ballot is secret. To win in that first ballot, a candidate must (a) have an overall majority and (b) have a margin over the next candidate equal to 15% of the electorate. 327 HPs are eligible to vote, or 328 if the whip is restored to Richard Body. An overall majority means 164 or 165 votes. The margin of victory required is 50 votes.

The key issue for Conservatives MPs is how to maximise their chances of winning the next General Election. They will also be thinking of party unity, sepecially over Europe. A hidden factor may be resentment at Major's acceptance in principle of the Nelan Committee Report which would involve a much higher degree of disclosure of income sources than is currently required. We know that many Tory MPs are vory angry over this prospect.

Majot's greatest strength in the contest is probably the absence of a single obvious successor.

Although the party is probably to the right of the present cabinet, the election of Redwood or Portillo would be unpopular in an important section of the party and would arguably weaken the party's electoral prospects. Moreover it is open to the Major camp to tilt somewhat to the right during the campaign - in particular by developing Douglas Hurd's hint in Parliament that a referendum may be notessary on a single currency and by speculating on the shape of a future Major cabinet.

Haseltine, because he brought about Thatcher's fall and because of his views on Europe, is also strongly opposed by a section of the party, essentially the right wing. His electoral appoal is possibly diminished by the heart attack he suffered a couple of years ago.

It is also relevant to Major's campaign that the right wing is not guaranteed to unite behind Redwood. On the contrary Michael Howard, who is on Major's campaign team, and Michael Portillo will wish to see Redwood cut down to size. Portillo, as suggested above, is seen by many as a future leader of the Tories, the general calculation all along being that John Major, having lost a General Election to Tony Blair, would stand down. The Conservative Farty, already moving to the right, would move further in that direction and select Portillo as its leader.

The signs from Westminster today are that the conservative Party is in great turmoil and that future developments are unpredictable. Major's supporters had hoped that because the cabinet was thought to be 100% behind him and because he commands the largest number of votes at this point, other elements would rally round to deliver an easy and clear-cut verdict. Redwood's unexpected move now complicates the picture. The fact that the vote is by secret ballot adds to the general mood of uncertainty.

Predictions are difficult. On balance, it seems reasonable to predict that John Major will "beat the formula", i.e., omerge with an overall majority and be 50 votes ahead or more of John Rodwood. However, unless things move more in the Prime Hinister's favour over the next week, he may end up in a psychological danger zone. MPs from his own camp have confirmed to us that if 100 MPs vote against him or abstain there maybe a groundswell of opinion within the Conservative Party that he should stand aside. The groundswell could even begin at less than the magic number of 100.

All told, therefore, one might predict either a scrambled success for Najor, with the possibility of continuing unrest in the party, especially over Europe, or a more fluid situation in which the Prime Minister will be under pressure to go.

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The Cannes summit is unlikely is itself be a factor in the leadership struggle. The Prime Ministor will want, however, to avoid immediate political embarrasement over Europol.

It has been put to us by Richard Spring MP, who has joined Major's campaign and is likely to take James Gran's place as Vice Chairman of the Backbonch Committee on Northern Ireland, that a good front page story on the peace process between now and 4 July would be enormously helpful to John Major.

There is a widespread view that none of the alternative leaders would bring the same depth of commitment to Northern Ireland as Major has done and that in all likelihood a new leader would be tempted to mend fences with Unionism. Nevertheless, at his press conference today, when asked where he stood on the Government's position on Northern Ireland, John Redwood replied that: "I think that what John Major and the Secretary of State has been doing is wholly admirable and I would not wish to see that process jeopardised in any way".

Yours sincerely

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Joseph Small Ambassador

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The Rt Hon John Redwood MP Profile

John Redwood, 44 last week, was born in Dover on 15 June 1951 His father was a self-taught accounts clerk at a road haulage firm who rose to the rank of company director and his mother managed a shoe shop - a hard working, self-improving, middle income background which bears some comparison with Thatchers' Grantham Grocers.

Redwood, who has been nicknamed "Brother of Spock" [the logical alien in the cult sci-fi series Star Trek] because of his "vulcan" looks, cold manner and "super human" intellect, shone academically from an early age and won a scholarship to the prestigious fee paying Kent College. While still at echool he joined the Young Conservatives. He went on to read history, gaining a first and subsequently philosophy at Magdalen and St Anthony's Colleges, Oxford and became a Fellow of All Soul's. He is the only member of the current cabinet with a PhD.

At Oxford he met his wife Gail, also a self-made high flier, formerly a barrister, now part-time Deputy Secretary of British Airways, having recently ceded the post of Company Secretary to spend more time with her family. They married in 1974 and have one son, Richard aged 12 and one daughter, Catherine aged 16. Gail Redwood is said to share her husband's strident right wing views and is reputedly a strong hinfluence. Slated by the media during his time as Welsh Secretary for preferring to travel home to his Wokingham Secretary for preferring to travel home to his wokingham secretary for preferring to travel home to be criticised for he must be the only man in the government to be criticised for wanting to sleep with his wife.

After Oxford, while studying at night for his doctorate, Redwood enjoyed a glittering career in the City as a financial analyst with Robert Fleming and Co. Before becoming an MP in 1987 he reportedly went on to "make a fortune" working for Rothschilds Merchant bank.

He first met Margaret Thatcher in 1978 after writing a paper on privatisation. Redwood can legitimately claim to have been a Thatcherite even before the word was coined, since he attempted to persuade the then leader of the Opposition to pursue a policy of floating off the state industries to the private sector. At the time she thought his ideas were too ambitious but in 1982 she drafted him in to work in the Conservative think tank.

After the 1983 General Election he was appointed Head of the Downing Street Policy Unit and doubled up as the PM's Economic Adviser. It is widely suggested that his were the brains bahind much of thatcherism, notably on privatisation. During this time he reportedly earned the hostility and dislike of many Conservative Ministers for his "meddling in their affairs" and frequent appearances at the cabinet table.

He became MP for solidly Conservative Wokingham in 1987 where he currently holds a majority of 25,709. In 1989 he was appointed Trade and Industry Minister, with special responsibility for Corporate Affairs. In 1992 he became Minister for Local Government at the Department of the Like the Prime Minister, he has a tremendous enthusiasm for village cricket. However, in all other areas they have had an uneasy relationship. Major, who allegedly resents Redwood's reported intellectual arrogance and patronising manner, appointed him Welsh Secretary in the 1993 reshuffle, a post described as being akin to running a Siberian power station.

Even as the most right wing member of the cabinet, Redwood has displayed a particular flair for social controversy, calling for benefit cuts for single mothers, whom he also criticised on moral grounds, incentives for private heath insurance, further NHS cuts, and the privatisation of the civil service. He is also a keen supporter of capital punishment which he reiterated when questioned two days after the Guildford Four were released. He favours big tax cuts. His most vociferous arguments add up to a kind of "gut Toryism" which many in the party now appear to be hungry for. An ardent British nationalist, as Welsh Secretary he insisted that the Union Jack be displayed alongside the Red Dragon and refused to sign official documents in Welsh because he cannot understand the language.

At Westminster and Whitehall Redwood has the reputation of a cold blooded, calculating, ruthless and highly effective operator with a frightening intelligence. As well as the alien nickname he has reportedly been dubbed Hannibal Lecter [after the fictional cannibalistic serial killer] by his own civil servants. An intensely private, cerebral and "unclubbable" man, Redwood has been a bit of a loner in the cabinet and in the party, though he has apparently been making more regular visits to the Commons tea room in recent weeks.

As a Tory couple the Redwoods avoid the social scene and are not considered fashionable. His only extravagance is said to be his Jaguar XJS. A prolific writer of political treatises, he reads The Sun every day and lists "not reading The Guardian" as one of his favourite hobbies.

Cool, languid and urbane in manner, his critics say he lacks chariems and the common touch and point to his recent blunder of failing to turn up for the emergency commons debate on the Bosnian crisis. A newspaper vox pop in his constituency reveals a sense that he is a little too full of his own self importance and is famous locally for his regal handshake. Sharp tongued Tristan Garel Jones calls him JV - short for just visiting planet earth. He is summed up by his wife Gail as "very calm, always in control and very much his own man".

26 June 1995