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S November 1990

Mr. Dermot Gallagher Assistant Secretary Anglo-Irish Division PST: PSH M wally; PAR Macroslay A/ TZOK.

Sir Geoffrey Howe's resignation: the immediate aftermath

Dear Assistant Secretary

With hindsight Sir Geoffrey's friends at Westminster acknowledge that deteriorating personal relations between himself and the Prime Minister provided an unhappy backdrop to the ideological chasm which separated them on European issues. Sir Antony Buck, his principal campaign manager in the 1975 leadership election campaign, told me on Wednesday that Howe was finding it increasingly difficult on a personal level to cope with the PM's stridency and single mindedness. That morning for example at a Cabinet meeting she had been sharply impatient and dismissive of his presentation on the management of the heavy legislative programme for the up-coming session of Parliament. He had also, Buck noted, been the focus for some time past of "a whispering campaign" inspired by Downing Street designed to reinforce the image of a politician past his prime, out of tune with the Prime Minister and a weak performer as leader of the House summed up in the malicious appelation attributed to Bernard Ingham describing Sir Geoffrey as "the day before yesterday's man".

His resignation nonetheless took everyone by surprise, including the Prime Minister. The widespread dismay and unease which it caused among all but the most radical right wing cannot be underestimated. On Friday, as the party hierarchy sought to hunker down and put the best face on it, behind the scenes MPs of all hues were predicting difficult times ahead. Among those to whom I spoke were David Trippier and David Tredinnick, one a long-serving right wing junior Minister, the other a centrist 1987 backbencher. Both from different perspectives arrived at the same broad conclusion. With a general election within eighteen months, Howe's resignation, taken together with the worsening state of the economy, the divisions over Europe, the loss of Eastbourne and the prospect of further electoral gloom in the 8 November bye elections in Bradford and Bootle, could not be explained away in Kenneth Baker's emollient cliches.

In the event the Cabinet's attempts to play down the significance of Sir Geoffrey's abrupt departure were rendered futile by the devastating intervention on Saturday afternoon of Michael Heseltine. From conversations during the Party Conference it seemed clear that Heseltine's strategy was to bide his time until after the next election. Howe's resignation, however, changed the goalposts. Whatever about the annoyingly equivocal nature of his joust at the leadership earlier this year Saturday's open letter to his constituency chairman is a forthright endorsement of Howe's position complete with an appeal to that most vulnerable section of the parliamentary party - those with marginal seats.

It is still of course far from certain that Heseltine's challenge will materialise. He could not beat her in a straight ballot and he continues to deny in public that his letter is the opening slot of a leadership challenge. In the short term several factors are likely to determine what happens; the public response of the Cabinet especially of the Prime Minister in her reply to the Queen's speech on 7 November and the tone and content of speeches by the Foreign Secretary and Chancellor also scheduled for this week; the expected public statement by Howe explaining more fully the reasons for his resignation; the outcome of the bye-elections in Bootle and Bradford - especially the latter where the Liberal Democrats are seeking to push the Tories into second place; and the response over the coming days of the back-bench MPs to Heseltine's letter.

A few MPs persist in seeing Howe's resignation letter as a personal manifesto for an eventual leadership challenge. This seems unlikely since it has always been recognised, even by those closest to him, that Geoffrey Howe's stake in the succession rested more on the health of the PM and her husband than on the strength of any independent claim by him. Even, however, if he himself is no longer a contender the most immediate impact ofhis departure has been to resurrect the succession as a direct and pressing issue. Party rules stipulate that contests for party offices, including the Prime Ministership, should take place within a month of the Queen's Speech on 7 November. A year after the PM saw off the derisory challenge of the hapless Sir Anthony Meyer the same difficult ground looks as though it may be trodden again. This time, however, if it comes to a contest, the political topography is dangerously different and the outcome for the Prime Minister and the party is considerably less certain.

Yours sincerely

Joe Hayes Counsellor